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NEWS SUMMARY

ERAL

rabs reak ith gypt

Arab summit in Damascus een Syria, Algeria, Libya the Palestine Liberation nisation has decided to : off economic and political with Egypt and set up joint cal and military commands.

e four-day conference also d to wreck the peace ula agreed between Presi- Sadat and Prime Minister t at Camp David.

ael's Cabinet agreed the David proposals by 11 to two with two absten-

us Vance, U.S. Secretary of ended his Middle East tour four hours of talks with lent Assad of Syria. Back Page 2

ccer death: n charged

-year-old man appears in at Birmingham today ed with murder following eath of Vernon Brown, 21. rown died under the wheels bus on the way to the ngham - Chelsea soccer

hing talks

fishery Ministers resume talks in Brussels today the UK's John Silkin likely the veto to block a system tional catch quotas, which een proposed by the Com- on. Page 2

wsboy theory

e believe the raiders who newsboy Carl Bridgewater, hen he disturbed them may onnected with a series of wide antique thefts from houses. Chief Supt. Bob rt, head of Staffordshire said the use of shotguns ne factor linking the raids.

errilla battle

iceman was shot dead and suspected urban guerrillas wounded in Dortmund, Germany. The wounded were held but a third ct escaped.

isley pelted

Ian Paisley had tomatoes n at him by a woman when eached a sermon in Dublin's ion House about 300 people the Ulster Protestant r. who said the meeting had "very well indeed."

rches peaceful

race-related marches passed eacefully in London. About National Front supporters outnumbered by 3,000 police march to the East End and nti-Nazi League march into London ended with a car- at Brixton. Men and Matters 14

d strings?

ningrad violin maker who pent 50 years trying to copy echnique of Stradivarius is y ready to build the ment, with the help of t scientists. It will be made astic.

efly ...

ess Margaret left for an al tour taking in the Carib- Fiji, Japan and the ppines.

than 2,000 people joined a ons rally in Trafalgar re.

bomb was set off as morals aigner Mary Whitehouse in Sydney, Australia.

nan Derek Taylor, with a ck-eyed cream doe," won the nal mouse championship in by, Yorks.

hquake jolted south-east , causing damage but no les.

kly £50,000 Premium Bond goes to Basildon, Essex, er of Bond 14 WZ 549237.

BUSINESS

Company law reforms nearer

● LONG-POSTPONED reforms of company law, including a ban on insider share dealing, may be brought before Parliament soon, now that the absence of an election has left scope for non-controversial legislation.

Ministers are expected to consider this week whether to introduce in the coming session the draft Bill in the White Paper "Changes in Company Law," presented to Parliament in July by Trade Secretary Mr. Edmund Dell.

The bill also provides for tightening the law concerning companies' loans to their directors. It would implement the EEC's second directive on company law through the introduction of a new definition of public companies. Back Page

● OUTFLOW of foreign exchange from Iran is reported to have increased from an average $10m a day to as much as $50m a day, as a result of recent unrest in the country. Foreign bankers in Iran suggest that $700m may have left the country since the imposition of martial law in major urban areas 16 days ago. Back Page

Industry seeks more bank aid

● STRONG revival in industry's demand for bank finance in recent months is confirmed by the latest breakdown of lending, published today by the Bank of England. In the three-months to mid-August, the banks' total sterling advances to the UK private sector rose by £1.07bn. Back Page

● AUEW is likely to make official this week a six-day-old strike by 1,000 workers at Renold's power transmission factory in Coventry. It is believed to be the first strike over the engineering federation members' special problems with Phase Four. Page 7

● SIR GEOFFREY HOWE, Shadow Chancellor, said that the Tories would campaign against the Government's use of sanctions or blacklists against companies breaking the new 5 per cent pay code. These measures were used for offenders against Phase Three's 10 per cent pay limit. Page 4

● EEC steel production dropped by 7.1 per cent to 9.336m tonnes in August, according to seasonally adjusted figures released in Brussels. The drop is expected to give a fresh fillip to the Davignon plan for rationalising the EEC steel industry. Page 2

● ANNUAL rate of retail price inflation could double next year, according to a monetarist model of inflation designed by City stockbrokers de Zoete and Bevan. Page 6

● MIDLAND BANK Review published today states that unemployment benefits should be taxable and the extra revenue used to raise the benefits. Page 33

● BUILDERS' MERCHANT sales of building materials in the UK were 16.6 per cent up in July compared with the same month last year, and 6.6 per cent higher for the 12-month period to the end of July than in the previous 12 months. Page 4

COMPANIES

● B.E.T. GROUP chairman Sir John Spencer Wills says that profits in the current year will show an advance on the £67m pre-tax level achieved in the year to March 31, 1978. Page 34

● VAN OMMEREN, the Dutch shipping and storage company, suffered a first half net loss of Fl 8.9m (£1.1m) this year, compard with a net profit of Fl 2.4m in the same period last year. Page 35

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FEATURES

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Finance Ministers say world outlook best for some years

BY JUREK MARTIN and PETER RIDDELL, Washington, Sept. 24

THE WORLD'S Finance Ministers agreed today that the global economic outlook was in better balance than it had been for several years, and were on the verge of deciding on a substantial increase in the resources of the International Monetary Fund.

For the past 24 hours the U.S. has thrown its decisive weight behind a 50 per cent increase in the quotas assigned to IMF members. It has also been negotiating an increase of 4bn (about $5bn) in annual allocations of Special Drawing Rights, the IMF's international currency.

Formal announcement of these increases is expected at the end of today's discussion which precedes the annual meetings of the IMF and the World Bank tomorrow. The effect will be to increase the unconditional balance of payments finance available to member countries.

After the morning session of today's meeting of the IMF interim committee of Finance Ministers, Mr. Denis Healey, Chancellor of the Exchequer, said that although the last 12 months had been disappointing for both growth and employment, and neither could be expected to improve much in the year ahead, the prospects were for much more even distribution of expansion.

This, he said, should be helpful in reducing divergences in the balance of payments of the major countries, and should help stabilise currency relationships.

There appeared considerable unanimity among Finance Ministers about the outlook for the world economy, following an updated assessment from the Organisation for Economic Co-operation and Development, which represents the 24 leading industrialised nations. This was submitted to the committee today.

The most encouraging new feature is that the large currency changes of the last 18 months finally appear to be affecting volume of trade of those countries with big current account surpluses.

This has been shown in a slackening in the rate of growth of the volume of exports of Japan, an dby an increase in the volume of Japanese and West German imports.

However, this has yet to be reflected in the overall trade balances, because of offsetting price effects.

The OECD is projecting a more even distribution of current account balances next year, reflecting also a narrowing in the divergence between the recent rapid growth of output in the U.S. and the slower expansion in Europe as a whole.

A senior central banker present said that this was the first international financial meeting for several years at which participants had not finished discussions gloomier than when they arrived, although be warned about the danger of an excess of euphoria.

This mood of relatively greater optimism clearly stands in sharp contrast to last year's annual meeting here, and to the interim committee discussions in Mexico City in May. Consequently, after the recent expansionary moves in West Germany and Japan, there is much less pressure than for some time past on these countries to expand further.

The improved mood reflects the dispelling of at least some uncertainty about the ability of the U.S. to implement economic policies believed to be necessary

President Carter's success at the Camp David Middle East summit is seen as having strengthened his position vis-à-vis Congress; the U.S. Admini-

Continued on Back Page

Dispute over plan for butter subsidy

BY CHRISTOPHER PARKES

A PLAN which could lead to a cut of 6p a pound in the retail price of butter in Britain during November and December will be debated at a meeting of Common Market Agriculture Ministers in Brussels this week.

Agreement is not likely to come without a struggle. The Commission does not want the subsidy to apply to imports from New Zealand.

If Britain wants non-EEC supplies to be subsidised then the Government should pay from its own pocket, Brussels says.

Mr. John Silkin, Minister of Agriculture, does not accept this

Mr. John Silkin

line of argument. He plans to insist that the money should be spent as he chooses and that all supplies of butter in Britain should benefit equally.

New Zealand supplies about a third of Britain's butter, and Continental exporters are eager to exclude this competition. A subsidy for them but excluding New Zealand brands would help build their market shares.

Rising prices have severely reduced butter consumption in the UK this year. In the second quarter, according to Ministry of Agriculture figures out today, average consumption was 4.39 oz per head per week, down from 4.74 oz in the previous quarter.

The so-called Christmas bonus butter subsidy, limited to 50,000 tonnes, would cost the EEC Farm Fund about £6.5m, and represent Britain's share of a Community wide allocation which is aimed at reducing the Common Market's butter mountain.

This country was excluded from a similar highly successful project last Christmas because it was already benefiting from a heavy subsidy on all retail sales of butter.

This year, since that subsidy is being phased out, the UK will qualify for the Christmas bonus.

UK insurance broker may link with U.S.

BY JOHN MOORE

C. T. BOWRING, one of the largest insurance broking groups in the UK, is discussing a plan to co-ordinate and combine all its insurance interests with Marsh and McLennan Companies, of the U.S., the world's largest insurance broking group.

So far, discussions have only reached a preliminary stage and many legal, tax and other matters have yet to be thrashed out before a final agreement is reached. The details will then be submitted to the shareholders of both these publicly quoted groups for approval.

The deal, which is not a takeover or a conventional merger of two publicly quoted companies, is to be arranged contractually but will not involve any transaction in the stock of either Marsh or Bowring or their subsidiaries.

Trading

Mr. Ivor Binney, chairman and chief executive of C. T. Bowring (Insurance) Holdings, who took the initiative on the deal at a meeting with Marsh in June, said yesterday that Bowring and Marsh were "putting everything into one pot so that we have identical interests." Both Marsh and Bowring have had many trading links for years.

In a statement to Bowring's employees issued today the move is described as "perhaps the most significant development in the insurance activities of the Bowring group." The negotiations are "directed to establishing the first truly international insurance brokerage and consulting firm.

"For Marsh and McLennan, this step would represent the keystone in the culmination of their strategy in developing a world wide organisation further to improving their service to clients.

"For Bowring, it would in addition create an exciting opportunity to accelerate its development with the largest insurance broking group in the world."

How the arrangement is to work in practice has not yet been sorted out by the two groups. But an early announcement had to be made to satisfy the U.S. Securities and Exchange Commission's rules.

After the reorganisation plans are completed—and talks could last until the end of the year—both groups are expected to have an equal voice on the new grouping. There will be no casting vote.

In 1977, March and McLennan Companies showed operating revenues of $415m, some 92 per cent of which were insurance related. After tax earnings amounted to $56.1m, a figure which included the profits from its non-insurance interests—the investment management companies and a real estatee consulting firm.

Pre-tax profits of the Bowing Group, which also has substantial credit finance, leasing, merchant banking, shipping and engineering interests, were £33m. in 1977. The insurance interests contributed over £23m to the total; while C. T. Bowring (Insurance) Holdings, which controls the insurance broking activities, accounted for £20m of that figure.

Because it is an approved Lloyd's of London insurance broker, Bowring submitted the proposals to the Llyod's ruling committee last Friday for clearance.

Lloyd's said yesterday that in order to "continue to exercise the self-regulatory powers essential to the continued efficiency of the market it is necessary that the control of firm's operations in the Lloyd's market should rest firmly in the hands of people with long experience in that market."

However, Lloyd's committee "welcomed the publicly declared intention of C. T. Bowring and Marsh and McLennan Companies that if the combination plans are completed these requirements will be met."

Earlier this year, the Lloyd's Committee blocked a bid attempt by Marsh and McLennan for private brokers Wigham Poland, part of Sir James Goldsmiths' Anglo Continental Company.

Lloyd's ruled that insurance interests outside its market could not normally hold more than 20 per cent of a Lloyd's broker. The move also meant that a bid by American broker Frank B. Hall for another UK insurance broker Leslie and Godwin had to be substantially revamped.

Approved

The latest arrangement was approved unanimously by the Committee of Lloyd's. Mr. Binney, who is on the committee did not vote.

There was some doubt yesterday over what Marsh and McLennan's intentions were over its trading link with other UK insurance brokers.

In order to place business with Lloyd's, American and other overseas brokers have to funnel their business through recognised Lloyd's brokers.

Marsh and McLennan already has a 20 per cent holding in the British broker, Bland Payne, through which it passes a substantial amount of business.

C. T. Bowring, which in turn has considerable trading links with Fred S. James, Alexander and Alexander, Frank B. Hall, and Willcox Baringer, some of the largest brokers in the U.S. and competitors of Marsh and McLennan, said yesterday that "nothing will be done to disturb those relationships."

Ford prepared for total shutdown over 5% offer

BY ALAN PIKE, LABOUR CORRESPONDENT

FORD MANAGEMENT is resigned to the fact that the clash over its 5 per cent pay offer, on which the future of the Government's Phase Four policy could depend, will bring its 23 plants to a standstill.

Senior Ford executives met to consider options at the weekend but no immediate approach by the company to either the Government or the unions is likely.

Shop stewards will address factory meetings today and urge the company's 57,000 manual employees to stop work following the decision by union negotiators on Friday to call for an official strike. The strike can be made official only by executives of the unions involved but this is likely to prove a mere formality.

Armed with the decision of the union negotiators, shop stewards probably will be successful in persuading their members to begin the strike immediately and Ford faces a total shut-down of production within the next day or two. This will cost the company production of nearly 15,000 vehicles a week.

The Amalgamated Union of Engineering Workers' executive meets tomorrow and is expected to discuss the request to make the stoppage official.

A decision from the other big motor industry union, the Transport and General Workers, may be delayed for about a fortnight until its finance and general purposes committee meets although it is probable that the TGWU will give support to the strike. Mr. Moss Evans, general secretary of the TGWU, has said that the union would be prepared to back any group of members standing out against any Government-inspired pay restraint.

With a national Ford strike now apparently inevitable and the Government determined to defend its 5 per cent guidelines, the central question is where the first move to break the deadlock will come from.

Mr. Evans repeated yesterday that not only the Ford workers, but other groups must be allowed to negotiate without restraint. Immediately Fords indicated that it was prepared to bargain on a free and fair basis if the unions would respond. "We have been saying it so often that we sound parrot-like — we can bargain freely we will bargain responsibly."

Pay negotiations on behalf of several other potentially difficult groups, including tanker drivers, ICI manual workers and local government manual workers, are imminent and the Ford dispute has already ensured that these talks will not be easy.

Mr. James Prior, Conservative employment spokesman, said on BBC radio yesterday that the Government's 5 per cent figure was a reasonable one for the country to bargain around. But there had to be flexibility around a reasonable figure.

Ford has always known that it faced a tough fight this year in trying to persuade its employees to accept a 5 per cent increase and this is why, deviating from its previous position, the company was prepared to offer talks on a productivity deal.

When he met the unions on Thursday, Mr. Paul Roots, employee relations director, stressed that there was great scope for improving productivity through a genuine scheme acceptable to the Government.

Angry British Steel retaliates against dumping from Europe

BY ROY HODSON

THE British Steel Corporation is so angry about the recent penetration of its home market by other EEC steel producers that it has started a retaliation campaign.

Large consignments of steel from the British strip mills are being sold in France, West Germany, and Belgium at prices below the ruling home prices charged by the steelmakers in those countries.

The term "dumping" is being studiously avoided by British Steel during this aggressive marketing operation. Executives are calling the special consignments "retaliatory orders."

But there is no room for ambiguity about the object of the sales campaign. The steel is being rolled and delivered now. Considerable care is being given both to the timing and to the points of destination of the deliveries so that they will have the maximum impact on local trading when they arrive in key European industrial centres.

British Steel is calculating that the delivery of low-priced 1,000-tonne parcels of steel to European centres such as Dusseldorf and Paris will act as a sharp warning to the Continental producers, who are now selling so briskly into the British market.

British Steel has twice as much production capacity as any

Continued on Back Page

Anglo-U.S. Rhodesia move soon

BY OUR FOREIGN STAFF

NEW Anglo-American efforts to break the Rhodesia deadlock are expected to be announced in the next few weeks in the wake of the surprisingly cordial weekend meeting in northern Nigeria between Mr. James Callaghan and President Kenneth Kaunda of Zambia.

Both the British and Rhodesian Governments have denied reports that Mr. Ian Smith, the Rhodesian Prime Minister, sent a message to Mr. Callaghan last week suggesting a meeting with him in Salisbury.

Mr. Kaunda returned to Lusaka convinced that there had been agreement on a new course of action over Rhodesian which would be implemented shortly.

Speaking to reporters, he referred to a "Kano accord." Although he would not be drawn on what this entailed, he said: "I think you will be seeing that in a few weeks' time."

British officials were equally reluctant to spell out what was in the offing, beyond re-stating the Government's intention to work for an all-party conference on Rhodesia.

Efforts to call such a conference have been blocked for months, largely because of a reluctance to attend by some domestic nationalist leaders who have joined Mr. Ian Smith in Government. In Whitehall last night there was no attempt to discourage speculation that Britain might now try to call a conference, irrespective of whether all the proposed participants agreed to attend.

Mr. Callaghan appears to have succeeded, at least for the moment, in one of his main objectives at Kano, emphasising to Mr. Kaunda, one of the key figures in southern African politics, that Britain and her Western allies are determined to press on with efforts for negotiated solutions in both Rhodesia and Namibia, despite severe setbacks in recent weeks.

Discussions appear to have centred on Rhodesia and Namibia and the likelihood of increased British aid for Zambia, which is suffering severe economic problems.

The UN will be the focus of intense diplomatic manoeuvres over Rhodesia and Namibia this week.

Dr. David Owen, the Foreign Secretary, flies to New York today and will address the UN General Assembly on the position in southern Africa on Wednesday, as well as holding discussions with Western and African leaders.

Tony Hawkins writes from Salisbury: Rhodesian security forces destroyed 25 guerrilla bases deep inside Mozambique territory last week, Combined Operations headquarters said last night in its first detailed comment of the raids, believed to have lasted four days.

The communiqué said there had been a clash with Mozambique troops.

Sadat's envoys will seek moderate Arab backking

BY ROGER MATTHEWS — CAIRO, Sept. 24.

EGYPT launched today what is expected to be an intensive diplomatic campaign to persuade the moderate Arab states to support the framework for Middle East peace agreed last week at Camp David.

Mr. Hassan Tuhamy, a Deputy Prime Minister, was sent to Geneva for talks with King Khaled of Saudi Arabia and other emissaries are likely to be leaving Cairo in the next few days. Mr. Tuhamy, who played a key role at Camp David, is tipped as a likely candidate for promotion in President Anwar Sadat's forthcoming reshuffle.

Egypt's envoys will face an uphill task as has already been made clear in statements from the Saudi Cabinet and from Jordan, the two states whose attitudes will govern the chances for comprehensive settlement.

While King Hussein of Jordan this weekend refused to join the Arab countries most actively opposed to Mr. Sadat's peace efforts, he also gave a warning about the dangers inherent in a separate Egyptian-Israeli agreement.

Neither the Saudis nor the Jordanians are likely to give Mr. Sadat the encouragement he so urgently needs unless there is a firm Israeli commitment to withdraw from the occupied West Bank of the River Jordan and from East Jerusalem.

Although Mr. Sadat is clearly disappointed at moderate Arab reaction, there was little to cause him concern in the final text of the agreement reached between the leaders of Syria, Algeria, Libya, South Yemen and the Palestine Liberation Organisation (PLO) which was issued after their meeting ended in Damascus last night. There is no chance of Egypt's expulsion from the Arab League and virtually no chance of a credible alternative organisation being set up with a headquarters outside Cairo.

Meanwhile Mr. Sadat, who received an enthusiastic welcome when he returned to Cairo yesterday, will be turning his attention to the domestic scene. He has promised a major Cabinet reshuffle and has also to ensure that his New National Democratic party becomes an effective political force.

Riyadh stresses Arab solidarity

By Jamie Buchan

JEDDAH, Sept. 24.

MR. CYRUS VANCE, U.S. Secretary of State, assured the Saudi government in Riyadh that the agreements reached at Camp David were "Only a step towards a comprehensive peace settlement."

According to a statement issued today by the Saudi Foreign Ministry the Saudi Government expresed anxiety that the summit's principles had not been reached collectively by all the parties to the conflict. "The kingdom believes firmly in the (Arab) national character of the problem and desires to preserve Arab solidarity," the statement said.

The Saudi Government was concerned at the limitations of the Camp David accords as a general framework for peace. The statement mentioned three prerequisites for a comprehensive settlement: The return of Jerusalem to Arab sovereignty, the recognition of the Palestinians' right to self determination. "The crux of the Palestine question," and the acceptance of the Palestine Liberation Organisation (PLO) as the sole representative of the Palestinians.

Over the question of Jerusalem, Mr. Vance told Riyadh that the final status of the city had not been agreed at the summit and that the U.S. would clarify its position in the future.

Rami G. Khouri reports from Amman: King Hussein made it clear in a press conference here yesterday that he now looks to the U.S. for detailed answers to many questions he raised about the Camp David agreement on the future of the occupied West Bank.

He said he would be personally "shattered" if a separate Egyptian-Israeli peace accord left the complex problem of the Palestinians unresolved. He gave warning again, as he has for many months, that a bilateral Sinai agreement would have "serious repercussions" for the rest of the Middle East and the world.

He said it was "the most sensitive and serious moment" he had had to face during his 26 years on the throne. He would not become involved in the American - Israeli - Egyptian negotiating process unless it was more clear to him that those negotiations would lead to a full Israeli territorial withdrawal from all occupied Arab lands, including Jerusalem, and to the rights of the Palestinians to self-determination in full freedom on Palestinian soil.

The King confirmed that President Carter had invited him to visit Washington in mid-October, but said this was an inconvenient time and he would probably make the trip later.

Clash expected as Community Ministers debate fish controls

BY CHRISTOPHER PARKES

COMMON MARKET Ministers responsible for fisheries are expected to cross swords again with Britain's Mr. John Silkin in Brussels today over the UK Government's unilateral imposition of strict fishing controls in British water.

Another sore point, particularly with the Irish, Danish and German Ministers, is his rigid insistence that British fishermen should have the lion's share of fish within the national 200 mile zone.

And a clash is expected over a new German attempt to outflank Mr. Silkin. Bonn seeks to have decisions taken by majority voting, but Britain is insisting that nothing can be settled without unanimity, and that the Government's representative must retain the right to use the veto where national interests are endangerd.

Mr. Silkin hoisted his colours at a meeting with fishermen in Aberdeen recently, where he warned that his basic demands remained unchanged.

His conservation measures would remain in place, he said, and he claimed that having established in July the right to use the veto on fishery council business, he would not hesitate to use it again in future.

National conservation measures which have affected herring fleets, shrimpers and the mackerel fisheries, have been bitterly attacked in Europe.

Mr. Silkin aims to demonstrate that his opponents have done little more than pay lip service to the principle of fishery conservation—which is at the heart of the Commission's plans, for a Common Fisheries Policy.

German fishermen have been caught cut trawling for cod off the East Coast of Greenland despite a ban. Danish boats are known to have overfished in the North Sea and dumped their catches overboard when discovered.

Irish skippers have declared they will defy a British ban on herring fishing in the Irish Sea.

The Council of Ministers is scheduled to work out plans aimed at settling reciprocal fishery deals between the European Community and Sweden, Finland and the Faroes. Mr. Silkin, however, is expected to insist that no bargains can be struck with non-EEC countries until the Nine's own domestic fish policy has been worked out.

British officials hope that now the election doubts have been dissipated, work will accelerate and a basic settlement on fisheries might be reached by the end of December.

Expensive leak in Abu Dhabi gas tank

By Kathleen Bishtawi

DUBAI, Sept. 24.

ABU DHABI is having to spend between U.S.$15m. to U.S.$20m to repair a leak in a storage tank on its Das Island liquid natural gas plant, according to sources in Abu Dhabi Capital of the United Arab Emirates (UAE). The $565m. gas plant is the first of its kind in the Gulf and ever since its commissioning last year, has been dogged by expensive technical problems.

Earlier this year, "a positive leak" appeared in one of the plant's storage tanks and later investigation revealed similar, though less serious problems in the secondary tank. The first has been closed down completely, and the latter restricted in use. The plant is now only up to 75 per cent of its planned capacity.

The owners and operators of the American built complex, the Abu Dhabi Gas Liquefaction Company (ADGLC), are now having to burrow under the first tank to try and assess what caused the leak, and this alone is expected to take one and a half years.

The Das Island problems have raised question marks in many observers' eyes over the suitability of heavy industry in the Gulf region. At the moment, no one knows whether the cracks were caused by the harsh, humid and salty climatic conditions, or whether the design may have been at fault. At the time of its completion, the complex was heralded as a masterpiece in design and engineering, for its designers, IHI of Japan, incorporating many sophisticated and complex innovations into its design. Another factor may be the execution of the project, for the Das Island plant was largely built by immigrant labour.

Other problems which arose in the plants first days of operation are currently the subject of a law suit in London between the ADGLC and the Norwegian Company of Gotaas-Larsen, the owners of the first tanker which called there.

As if this were not enough, the operators of Das Island are having to look for alternative sources of gas to supply the plant. Owing to the Government's oil conservation policy, Associated Gas intake from the Umm Sheif field from where the plant was originally intended to be fed from, has now dropped from the required 550m cu ft a day to 350m cu ft a day. The shortfall is being made up from cap gas, while a pipeline is being built from the nearby Zakum field. However, the pipeline is not expected to be in operation until 1980, and its length, over 25 miles, will mean a substantially higher capital cost for the plant than originally thought.

Begin wins Cabinet's approval for Camp David accords

BY DAVID LENNON — TEL AVIV, Sept. 24.

ISRAEL'S Cabinet today held a lengthy discussion on the Camp David agreements and approved them, by 11 votes to 2, with three Ministers absent. Mr. Menahem Begin, the Prime Minister, explained the Accords to his colleagues.

Meanwhile, demonstrations and protests against giving up settlements led the police to throw protective cordons round the home and office of the Prime Minister and some of his colleagues.

A number of Ministers have been critical of the proposal to evacuate the Sinai settlements, even though this is a prerequisite of Egyptian agreement to make peace with Israel. They both object to the step as such and fear that it will lead to pressure for similar steps in the occupied West Bank and on the Golan Heights.

The Knesset is due to debate the Accords this week, as Mr. Begin has said only Parliament can take such an important decision. He will make a statement to the House tomorrow and Mr. Shimon Peres, Leader of the Opposition and chairman of the Labour Party, will reply. The rest of the debate is expected to take place on Wednesday.

The one-day debate was granted at the request of the National Religious Party, one of the coalition partners, which sought time to consider its position in the vote. The Labour Party executive today decided to support the agreement.

Most parties are holding internal debates on the emotionally charged issue of dismantling settlements in Sinai and on the possible effect on settlements in other occupied territories.

The argument with the U.S. over the duration of the freeze on building new settlements while the peace talks are in progress led senior officials in Jerusalem today to state that it was clearly understood that the halt was for three months only. They claimed to have documentary evidence that Egypt is in agreement with this interpretation, rather than the five-year freeze which the U.S. spoke of.

Settler opposition to abandoning the Sinai villages and to the three-month freeze continues unabated. In Sinai some settlers blocked roads for several hours yesterday while other groups persist in attempts to establish new sites on the West Bank.

Israel's determination to press ahead with autonomy for the West Bank and Gaza Strip is demonstrated by discussions which Foreign Ministry officials have started with local Palestinian leaders. Previous contacts between the Israeli authorities and people in the occupied territories were conducted by the military government and the Defence Ministry.

It is understood that if a Palestinian autonomous council is established Israel will maintain relations with it through the Foreign Ministry but so far there are no indications that any Palestinian leader will agree to serve on such a council.

EEC steel production down

BY GILES MERRITT — BRUSSELS, Sept. 24.

EEC STEEL production dropped an encouraging 7.1 per cent during August, according to seasonally adjusted figures released in Brussels. The sharp reduction to 9.336m tonnes from July's raw steel output of 10.732m tonnes throughout the community is expected to give a fresh fillip to the Davignon plan for disciplining and rationalising the EEC steel industry.

The most significant cutback was made by Italy, where output fell from 2.029m tonnes in July to 1.351m tonnes last month. UK production was 1.197m tonnes, as against 1.637m tonnes in July. France's output declined to 1.366m tonnes from 1.773m and West Germany's August steel production was almost unchanged at 3.554m.

But while these August figures also indicated that output of the nine during the month had registered a small decrease of 0.1 per cent from the same 1977 period, industry analysts here have already begun to point out that even with the effects of seasonal adjustment, EEC steelmakers produced over 4 per cent more steel during the first eight months of 1978 than during the same 1977 period.

The principal area of concern continues to be slack demand, with new orders for July as seasonally adjusted 18 per cent down on June. There is nevertheless growing confidence here that the anti-crisis plan drawn up earlier this year by Viscount Etienne Davignon, the EEC industry commissioner, will have received a valuable boost from these latest figures. Last June the plan narrowly escaped collapse when it was revealed that its minimum prices and production quotas were not being observed by many European steel companies. Added to that, July's upsurge both in output and exports triggered fears of retaliatory measures from the U.S.

According to the current figures, orders from non-EEC buyers now show a drop that should help check the American steel industry's threats to re-institute anti-dumping suits against a number of major EEC producers. Last June's orders, which were reflected in July's massive increase in EEC steel exports to the U.S., totalled 2.525m tonnes to non-EEC countries, while the comparable figure for July is 1.862m tonnes.

$2.4bn U.S. aid sought

BY L. DANIEL — TEL AVIV, Sept. 24.

ISRAEL this weekend formally submitted its request for U.S. aid in the fiscal year due to start on October 1, 1979. The details of the request were worked out before the conclusion of the Camp David agreement and do not, therefore, include U.S. assistance for expenditure Israel will incur as a result of evacuation of its airfields in Sinai and of settlements in the occupied areas.

The request is for $2.4bn, including $1.5bn military assistance. The figure is $500m larger than the aid approved for Israel in the 1978-79 fiscal year, starting next week.

It is estimated that Israel will need $1bn to build two new airfields in the Negev to replace those which it will lose in Sinai. No estimate is available as yet as to the cost of resettling villagers from northern Sinai, nor the residents of Ophira, near Sharm-el-Sheikh, and the two tourist centres between Eilat and Sharm.

Afghanistan exodus

BY CHRIS SHERWELL — ISLAMABAD, Sept. 24.

SEVERAL thousand refugees have fled from Afghanistan into Pakistan since the new Left-wing regime of Mr. Nur Mohammed Tarraki came to power in a military coup last April.

Reliable figures remain difficult to establish, but some estimates put the figure as high as 8,000-10,000. Though Pathan tribes straddling the frontier are known to cross the border freely it seems clear that the numbers moving into Pakistan's north west frontier province have grown unusually in recent weeks, even allowing for the customary upsurge at this time of year.

The refugees are mostly conservative Muslim tribesmen said to be seeking sanctuary from the anti-religious policies of the new regime. They are now in tribal areas south-west of the Khyber Pass and also in remote parts near the Hindu Kush mountains. They are being fed by their tribal counterparts within Pakistan and also by the Pakistan authorities.

The Pakistan Government has made no announcement regarding the refugees and is apparently anxious not to disturb the delicate relations it has with Afghanistan. Since President Daoud was overthrown in April, fears have grown of increasing Soviet involvement in the region and General Zia sought to head off some of the anxieties by visiting Kabul earlier this month.

Swiss vote for new canton

By John Wicks

A LARGE majority of the Swiss electorate this weekend voted in favour of the creation of the new canton of Jura. Over 82 per cent of votes polled at a national referendum were for the proposal, majorities being obtained in all cantons. Only two small parties had opposed the motion.

The Federal constitution will now be amended to include Jura as Switzerland's 23rd canton. A French-speaking area in the northern Jura range, consisting of the districts Delemont, Porrentruy and Franches-Montagnes, will form the new canton, whose capital will be Delemont. Jura, until now part of Berne, will be the first new Swiss canton to be formed since 1848.

Moi heads for Kenya presidency

BY JOHN WORRALL — NAIROBI, Sept. 24.

AS EXPECTED, Kenya's acting President, Mr. Daniel Arap Moi, has been declared the sole candidate for the Presidency of the Kenya African National Union (Kanu), which means that in effect he will be elected President of Kenya unopposed.

Mr. Moi presented his nomination papers at the Kanu headquarters on Saturday. There were no other candidates. His name will be forwarded to the special party delegates' conference on October 6 for endorsement. It will then be forwarded formally to the Attorney-General's chambers as the party's nominee for the national presidency. Kanu is Kenya's only de facto party.

A huge crowd cheered Mr. Moi outside the party offices. He pledged to serve Kenya "in a spirit of love and dedication following the footsteps of the late President Kenyatta."

Mr. Moi's sole nomination for President is the climax of a nationwide movement in which almost a million people, representing every area, tribal, social, political, professional, provincial and workers organisation in the country have trekked to Nairobi in the past fortnight to declare their loyalty to the new president.

INFLATION IN CHINA

Complaints of the masses

BY JOHN HOFFMANN — PEKING, Sept. 24.

CHINA'S IMAGE as a land of no inflation has been tarnished by a complaint about soaring fruit and vegetable prices in Peking.

Two Peking citizens, Chao Chen and Liu Wen, recently wrote to the official People's Daily newspaper protesting that the prices were getting beyond the reach of many people. The situation would be worse in the coming winter, they said, when farm products became scarce.

They gave examples of commodities which have doubled in price in the capital since last summer.

In 1977 five catties (two and a half kilogrammes) of tomatoes could be bought for 10 fen (3 pence). This year the same quantity cost 20 fen.

A kilogramme of green peas had risen from less than 20 fen to as much as 34 and cucumber had doubled to 30 fen. Grapes which could be bought last year for 40 fen a kilogramme now cost up to 80 fen.

"As for watermelons," the writer complained, "the price has been kept above 10 fen a catty even when the fruit is rotten." Their outrage is understandable: watermelon is a staple summer snack in Peking and people like to eat it in huge quantities at roadside stalls.

"Our salaries are comparatively low and we cannot afford to eat fruit," they wrote. "But we have to eat vegetables, even if the prices are high.

"We are only a few days into autumn and we really don't know what we shall do when winter comes.

"Most Peking families have four or five mouths to feed and their salaries are not high—what will they do if things go on like this?" they asked the People's Daily. "We hope you will pass this to responsible leading comrades and ask them to come down and listen to the complaints of the masses."

Messrs Chao and Liu are probably giving voice to the concern of millions of people who see inflation at work on one of their most important purchases.

Fruit and vegetables are among the few goods in China for which prices are overtly governed by seasonal supply. What the customer pays is decided by regional commercial bureaux, rather than by the Government's central pricing body which sets nation-wide price levels for grain, meat and eggs.

'Our salaries are comparatively low and we cannot afford to eat fruit. But we have to eat vegetables even if the prices are high.'

But grain, meat and eggs are rationed (the monthly meat allowance is between one and two kilogrammes for each person), so vegetables are a principal part of the Chinese diet.

Foreigners living in China are conscious of the flaws in the Government's boast that inflation is non-existent. In fact, they see themselves as the main victims of inflation as the costs of their essential goods and services continue to rise, often steeply and almost always arbitrarily.

However, there is much to admire in the way China has managed to stabilise the wages and cost of living of its citizens. When the People's Republic was founded in 1949 it inherited runaway inflation that had razed for 12 years.

In that time, the period of the three-cornered war among the Japanese, the Nationalists and the Communists, prices rose more than eight-million-million-fold. The amount of currency which would buy two oxen in 1937 would buy two eggs in 1945 and one sheet of toilet paper in 1949.

In the new China the central government's ability to control totally the currency, the banking system, production and expenditure, tied to its insulation from outside economic influences, brought a discipline to the wage-price structure that few countries have maintained so successfully for so long.

The New China News Agency gave examples recently to illustrate the stability of retail prices since 1952.

In that year standard grade rice sold for 29.6 fen a kilogramme. Today the same grain costs 30.4 fen. Standard grade flour has risen since 1952 from 34.4 fen to 37 fen. White cotton cloth has dropped in price in the same period from 86.7 fen a metre to 84 fen.

Other commodities which have fallen in price include pharmaceuticals (down by half), pens and stationery (down by one quarter) and some brands of watches (down by 10 per cent). On the other hand, "non-essentials" such as tobacco, wine and cosmetics have become more expensive.

There is some speculation in China now that the Government's new income policies will inevitably invite at least a modified, and perhaps, guided, inflation. Many of China's workers received pay rises last year and a new principle of "more pay for more work" is putting regular bonuses into wallets and bank accounts. The Government, which fixes prices, can hardly be unaware of the ease with which it can attract this excess cash back into the state accounts by the gentle manipulations of basic commodity prices.

But according to Mr. Chao and Mr. Liu, who wrote to the People's Daily, the Government had better go easy on the vegetables.

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WORLD TRADE NEWS

EEC team visits China to boost trade agreement

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT — BRUSSELS, Sept. 24.

A HIGH-LEVEL delegation of EEC officials and businessmen, led by the Commissioner for External Affairs, Herr Wilhelm Haferkamp, opens talks with authorities in Peking tomorrow on the expansion of two-way trade between the Community and China.

The aim of the mission, the first of its kind to the People's Republic, is to discuss concrete ways of putting flesh on the the bones of the five-year trade agreement between the EEC and China, which came into force last June.

The delegation, which will spend ten days in China, will hold extensive discussions with Mr. Li Chang, the Foreign Trade Minister, and other members of the Government as well as with technical experts. It will tour an industrial fair and factories in Shanghai and Hangchow.

The visiting team includes senior representatives from engineering, the oil industry, banking and steel. Among the large companies sending top executives on the trip are Olivetti, Royal Dutch Shell, IBM (Ireland), Bruxelles Lambert, Saint-Gobain-Pont - a - Mousson, MAN and Arbed. The two British representatives are Sir Peter Tennant, president of the London Chamber of Commerce, and Mr. J. F. Williams, deputy chairman of Foster-Wheeler.

It is emphasised that the visit is essentially exploratory and is unlikely to result in any firm contracts being signed. But EEC officials are keen that it should be seen as a clear sign of European interest in matching the rapid expansion of bilateral trade which has recently taken place between the People's Republic and Japan.

Though trade between the EEC and China has grown steadily over the past five years, it is still relatively small. Last year EEC exports, mainly of iron and steel, chemicals, man-made fibres and synthetic materials, amounted to about £350m, while imports, chiefly of handicrafts, furs, textiles and foodstuffs, totalled about £580m.

From the European standpoint the Chinese market offers almost unlimited potential, especially for exports of capital goods, machinery, components and technological know-how needed for its industrialisation programme. There is also considerable interest in exploring suggestions that China is considering seeking outside financing and import credits.

It is less clear what the EEC would be prepared to buy from China. This is a key consideration, not only because of China's need to generate foreign currency with which to pay for imports but also because its agreement with the EEC contains an unusual clause which explicitly envisages the maintenance of an equilibrium in its bilateral trade.

The principal interest is likely to lie in China's potential as a supplier of raw materials, especially crude oil, uranium, non-ferrous metals and coal. But the EEC may come under pressure from Peking to buy some of the finished goods whose exports China is deliberately encouraging.

EEC officials are expected, however, to point out to the Chinese authorities that the EEC market for some of these items may be limited, particularly for textiles and clothing, which are now subject to rigid import restrictions.

Britain finalises finance scheme

BY TERRY OGG

BRITISH BANKS expect to reach final agreement on the proposed deposit arrangements for financing UK exports to China within the next month.

Full details of the proposed scheme, which has the full backing of the Export Credits Guarantee Department, were delivered to the Bank of China three weeks ago and it is likely that announcement of agreement will be timed to coincide with the visit of Chinese Foreign Minister, Mr. Huang Hua, to Britain in mid-October.

While many of the UK's leading clearing and merchant banks have expressed an interest in participating in the arrangements it is thought that Standard Chartered and a Lloyds Bank International/S. G. Warburg partnership will be the first to provide facilities under the scheme.

The amount involved initially is $200m (nearly £100m) and will be used by China to finance recent purchases of mining equipment from three British suppliers—Dowty Group, Anderson Strathclyde and Gullick Dobson.

All three supplied mining equipment to China in 1974 but, on that occasion, the deal was financed using supplier credit facilities. When negotiations for the current contracts began some ten months ago initial pricing was done on the basis that supplier credit arrangements would be required again.

But towards the end of June, the Chinese indicated that they were prepared to pay cash on delivery. Since then, the negotiations on the contracts and the proposed deposit scheme have proceeded to a large extent in tandem.

Under the arrangements the suppliers get a cash contract specifying that 10 per cent of the total will be paid when the contracts are signed, 85 per cent is paid in stages as the equipment is delivered and the remaining 5 per cent will be handed over when the Chinese are satisfied that the equipment is installed underground and working up to specifications. Deliveries start in February and March and continue for about 12 months at a rate of one a month.

The latest arrangements differ from those Dowty and its colleagues experienced previously. The down payment was only 5 per cent of the contract price, 90 per cent was handed over on delivery and 5 per cent was retained. The documents all had to go to China for verification before payment was effected and, under the supplier credit facility the suppliers received bills of exchange which they then had to discount.

On the banking side, the scheme is based on buyer credit practices and on corresponding bank relationships. It is not so much a radical change in financing practices as a diplomatic use of words and documents to achieve the objective of extending the ECGD's preferential credit arrangements to Chinese buyers of UK capital goods.

ECGD guarantees the deposits and will also "top up" the interest paid by the Chinese to a commercially acceptable level. Under existing practices the rate of ECGD supported credits of up to five years is 7.25 per cent—classifying China as a relatively poor or intermediate country under OECD regulations—but the Chinese have indicated on a number of occasions that they would like to see this rate lowered and it has been reported that the Japanese are prepared to offer a rate of 6.25 per cent.

The "top-up" rate is based on six month floating rate Eurodollar rates. In essence, ECGD gives the banks a spread of around ½ per cent over the funding rate. If Eurodollar rates are above the agreed figure ECGD "tops up" the banks, if they fall below then the banks pay ECGD. The interest rate subsidy for the Chinese deposit scheme is no different from current ECGD practice on other facilities.

Under the scheme, a supplier presents the buyer with a bill of lading which indicates that goods have been loaded on board a specified ship. The Chinese approve payment and using its normal corresponding bank relationships, the Bank of China asks a UK bank to pay the supplier. The UK bank checks with ECGD to ensure that the transaction fits the parameters of the deposit scheme and then gives the supplier the cash.

It is at this point that the main difference between the new scheme and normal practice occurs. The Bank of China needs cash to settle its account with the UK bank. It gets the cash by accepting a deposit equal to the size of the payment from the UK bank and promptly gives the money back.

Thus the supplier gets cash on delivery of his goods, the Chinese raise the necessary cash to pay for the transaction and the UK bank makes a deposit with the Bank of China which it can withdraw after an agreed period. The words credit and loan have not been used throughout the exercise.

The initial scheme is likely to be extended. Not only will other banks and banking partnerships be invited to provide deposit facilities which the Bank of China can utilise, variations of the scheme will be developed to cover individual large projects.

But the Chinese are very circumspect about their international financial arrangements and it will take time for new arrangements to be proposed, negotiated and finally accepted.

SHIPPING REPORT

Active bulk and tanker markets

By Lynton McLain

THE SLOW build-up in world shipping continued last week with growing activitiy in bulk carriers and oil tanker markets.

In tanker trades, the freight rate of Worldscale 40 was reached last week for a very large crude carrier for a voyage from the Gulf to the West. Brokers said that this could quite easily be an established figure for October loadings with the underlying rate movements showing stability at this new level.

Britain featured in the last week's oil movements in a more active way than in recent weeks. The forthcoming crude oil price increase on October 1 is the main contributory factor. Gulf crude oils are expected to rise in price by about 30 cents per barrel over the next few days.

Trading was not as active in the Mediterranean and West Africa areas and the Caribbean area did not revive last week as had been expected. But the shortage of light crude oils in the U.S.A. was still evident. Rates applicable depend on the strength of the dry cargo market. Combination carriers that can be absorbed in grain, coal and ore trades will be taken off the oil tanker market, but if the dry cargo combination carriers fight for return voyage cargoes of oil, then no improvement in tanker rates can be expected.

The period tanker charter market is still short of long-term orders.

In the bulk markets, inquiry from the Far East remained at a high level and ships of 60,000 tons deadweight demanded $3.75 to $4 for voyages to Europe. In the Atlantic more pressure was evident last week and most tonnage called for $5,500 daily.

The grain market was active, but rates began to ease slightly for September and October loadings, particularly for the larger vessels. This was a result of the shortage of grain in most loading areas, a shortage that should ease next month during further harvesting.

Ten ships order for Pakistan

BY OUR OWN CORRESPONDENT — KARACHI, Sept. 24.

CHINA IS to buy 10 ships from Pakistan of about 4,000 dwt each during the next five years.

The China National Machinery Import and Exports Corporation and the Karachi shipyard and engineering works are to hold annual discussions concerning implementation of the deal. The agreement stipulates that the two sides should conclude relevant contracts to cover the technical details, prices and other arrangements regarding the ships to be purchased each year.

Lu Wei-chao, China's Ambassador to Pakistan who signed the agreement on his country's behalf described it as an important development in trade relations between the two nations.

Meanwhile a decision on Pakistan's immediate merchant shipping needs involving 21 ships valued at $200m is to be made by the autumn. The Minister for ports has met representatives from British Shipbuilders to outline Pakistan's needs. In the next five years about 30 vessels will have to be scrapped.

First E. European jeans plant starts production

BY PAUL LENDVAI — VIENNA, Sept. 24.

HUNGARY HAS become the first East European country to manufacture blue jeans under a licence from Levi Strauss. A Hungarian clothing factory called First of May in Marcali, south-west of Budapest, concluded a licensing agreement with the U.S. company in October last year and production began this month.

In the first year of operation the Hungarian plant will produce 420,000 pairs of jeans. Within two years, capacity should reach 1m pairs per annum. About 40 per cent will be sold in Hungary after paying a licence fee of 65 cents per pair, while 600,000 pairs will be exported.

Under the licensing agreement, Levi Strauss provides machinery and raw materials, while Hungary will deliver in exchange an unspecified number of jeans produced in the plant. The contract was concluded for an initial period of five years.

Last January 11 Hungarian workers and technicians attended a three-week course at Levi in San Francisco and they in turn trained the rest of the production staff. Reporting on the venture, the Hungarian party paper, Nepszabadsag, revealed that under the terms of the contract, a pair of jeans has to be produced in 13 minutes, 48 seconds. Previously, Hungarian factories needed about 50 to 70 minutes to turn out a similar item. The First of May plant reduced the working time needed for each pair of jeans from 60 minutes to 27 minutes between March and August.

The management is confident that the factory will soon attain world standard reducing the working time to the U.S. level.

In Hungary, the jeans will cost Forint 980, which is just about the equivalent of one-third of the average gross monthly wage in the country.

World Economic Indicators

RETAIL PRICES

	Aug. '78	July '78	June '78	Aug. '77	% change over previous year	Index base year
U.K.	199.4	198.1	197.2	184.7	8.0	1974=100
W. Germany	145.3	145.9	145.9	142.1	2.3	1970=100
Italy	134.0	133.4	132.4	118.9	11.9	1976=100
	July '78	June '78	May '78	July '77		
Belgium	127.7	127.0	127.0	122.8	4.0	1975=100
Holland	120.7	119.9	119.8	116.0	4.0	1975=100
Japan	123.0	122.0	123.2	118.1	4.1	1975=100
France	201.3*	198.9	197.4	184.1	9.3	1970=100
U.S.	196.7	195.3	193.3	182.5	7.8	1967=100

* Provisional

UK sales to W. Germany up by 18%

By Guy Hawtin

FRANKFURT, Sept. 24.

BRITISH EXPORTS to West Germany rose by just over 18 per cent during the first seven months of the year. However the growth in German shipments to the UK was only marginally less, further increasing the surplus in trade in the Federal Republic's favour.

Exports to West Germany, including those of North Sea oil totalled DM 6.75bn ($3.46bn). This compares with DM 5.72bn recorded in the comparable period of 1977.

West German shipments to Britain went up by 17.1 per cent to DM 9.48bn ($4.87bn) from DM 8.09bn in the same period last year. At the same time the trade surplus with Britain rose from DM 2.38bn to DM 2.73bn.

The UK's trade turnover with the Federal Republic is rising at a far greater rate than West Germany's average trade growth. Official West German statistics, researched by the British Embassy in Bonn, show that the Federal Republic's overall imports bill went up by only 2.8 per cent, while non-oil imports increased by 5.2 per cent. West Germany's exports during the period under review rose by 3.2 per cent.

But of concern to the UK must be not only the growing trade gap but the relatively slow growth of non-oil exports. These, according to today's figures were up by 13.5 per cent from DM 5.29bn to DM 6.00bn. Oil shipments on the other hand rose 75 per cent compared with the first seven months of 1977 from DM 427m to DM 747.5m.

Both countries have substantially increased their shares of each other's import market. Britain's slice of the Federal Republic's imports bill rose from 4.2 per cent in the comparable period of 1977 to 4.8 per cent, while West Germany's share of the British imports market went up from 5.2 per cent to 5.9 per cent.

The figures are provisional.

NORTH YEMEN

Fastest growing Arab market

BY JAMES BUXTON

BRITAIN'S FASTEST growing export market in the Arabian peninsular is not Saudi Arabia or the United Arab Emirates but the Yemen Arab Republic (North Yemen). This little country at the south-west corner of Arabia is undergoing a consumer boom as fierce as any seen in the Arab world, yet it is one of the few Arab states that are not oil producers.

The reason for the boom is that about 1m North Yemenis work in Saudi Arabia and other Arabian oil states. Their remittances last year totalled about $1.4bn and are being spent in North Yemen in a frenzied rush to buy whatever goods are available before inflation, probably running at well over 30 per cent, erodes the value of money. Cars, electronic goods, water pumps, canned fruit juices and food are flooding in.

Unlike other Arab countries the main source of spending is not the government but the private sector, although the government, too, has drawn up an ambitious development plan. This envisages spending $3.6bn over a five-year period on laying down a basic infrastructure and developing productive resources in this wildly beautiful mountainous country.

Though the government is looking to the private sector and to foreign private investment to help finance the plan, the biggest chunk of finance is expected to come from Saudi Arabia, which at the end of last year pledged $570m to development, in addition to direct budgetary support. This spring the government in the capital, Sanaa, said it had received commitments of $1.1bn towards the plan, the bulk of what it had sought overseas.

With its relatively large population of about 7m, its close ties with Saudi Arabia and its regular rainfall (unusual in Arabia), the YAR is increasingly being seen as a good market for exporters, both during the current consumer boom and over the next few years as development spending gets underway on a larger scale.

A major gap has been information about the market, but this is now filled by an excellent 115-page report from the Committee for Middle East Trade (COMET), called: "Market opportunities and methods of doing business in the YAR," which, unusually for such publications, costs a modest £6. And this afternoon (Monday) the CBI is holding a seminar on North Yemen at its headquarters at 21, Tothill Street, London, SW1.

British exports to the YAR have climbed from £9.2m in 1975 to £28.4m last year and reached £26.1m in the first half of this year. But though the rise in percentage terms looks impressive (and the figures may understate the true picture because of exports which go via Saudi Arabia or South Yemen) Britain has only a 5 per cent shareof the Yemeni market.

A major opportunity is being missed, because the bulk of the merchant community, Sanaa, is made up of Adenis who have migrated from South Yemen. They are used to and like British goods, and are familiar with British business practices.

The YAR is certainly not an easy market to penerate, because of the large number of small businessmen and agencies, the complicated distribution system, the primitive infrastructure and port congestion. It is essential for businessmen to make personal visits, coming well briefed so as not to waste too much time, but being prepared to wait and negotiate.

Yemenis like to have extended credit terms, partly because the distribution system is so elongated that it can take months for a merchant importer ot get paid by his customer. British businessmen are increasingly complaining that ECGD is not prepared to offer long term credit facilities which match those which West German, Japanese and French exporters enjoy, though ECGD cover is freely available on a short term basis. ECGD is to send a representative to the YAR this autumn to see for itself. It insists that its cover matches that provided by its rivals. Payment is reported to be, on the whole, good, though some merchants have become overextended recently.

For much of last year the main port of Hodeida had the worst congestion in the world, with ships waiting 100 days or more for a berth. Now congestion has been sharply reduced, because many Yemeni businessmen over-ordered and banks stopped issuing letters of credit for a time. But business is now picking up again, letters of credit are being issued once more and some observers believe that congestion at Hodeida, where delays are now about 14 days, will increase again, even though remittances from Saudi Arabia appear to be stabilising. Port handling can be rough and goods are often damaged.

One of the biggest British exporters to the YAR is Massey Ferguson, which has nearly a third of the tractor market, while Hawker Siddeley is engaged in selling generators. It is said that one can find a good market for almost anything in the YAR—Denmark sells its old newspapers for use as wrapping—but a list of the most needed items would include: motor vehicles and lorries; agricultural pumps; building materials; earth moving equipment and building machinery; domestic electrical equipment; foodstuffs; clothing; footwear; and furniture.

The YAR could certainly not be described as having stable internal politics, with two heads of state having been assassinated within the past nine months, and poor relations, since the death in June of President Ahmed al-Ghashmi, with its southern neighbour, the Peoples Democratic Republic of Yemen. However, few observers believe that there is much chance of a major realignment of external relationships while the boom continues and while Saudi Arabia, whose indigenous population is outnumbered in Arabia by Yemenis, continues to be a source of finance both by employing Yemenis and in bilateral aid.

Market Opportunities and methods of doing business in the Yemen Arab Republic is available for £6 from the Committee for Middle East Trade, 33, Bury Street, London SW1.

N. Sea oil platform costs soar

By Fay Gjester

OSLO, Sept. 24.

AN ALMOST 50 per cent increase in the estimated cost of a major North Sea production platform has been announced by Mobil Exploration Norway, operators of the giant Anglo-Norwegian Statfjord oil and gas field.

The company said Statfjord B, the field's second platform, was now expected to cost between N Kr 9.4bn (£940m) and Kr 10.5bn. Nine months ago, when the Norwegian authorities approved Mobil's plan for a production platform including living quarters, its cost was estimated at Kr7bn.

The Statfjord field is being developed by a group of oil companies led by Statoil, Norway's state oil company and Mobil. Mr. Arve Johnsen, Statoil managing director, said the price jump reflected inflation and design changes made to increase workers' safety on the platform. A fire in one of the supporting pillars on the first Statfjord platform, Statfjord A, killed five workers in February this year.

Statfjord B will have a maximum output capacity of about 7.5m tonnes of crude annually, only half that of Statfjord A. It is due for tow-out to the field in 1981, with production scheduled to start in 1982. There is a chance, however, that this timetable may have to be revised because of delays in completing design work on the platform.

Its concrete supporting pillars are already being built in Stavanger. Orders are expected to be placed next week for its steel deck, moduls, and equipment for the inside of the supporting pillars. The contract will probably be shared among various Norwegian shipyards, all of which badly need the work.

Meanwhile, the Government has appointed a three-man committee to report to the Ministry of Industry on ways of running down and restructuring the shipbuilding industry, including job relocation assistance for shipyard workers. The authorities hope that some of the redundant shipyard employees can be placed offshore.

Switch to casual clothes blamed for loss of jobs

THE PREFERENCE for jeans and open-necked shirts among the young has brought redundancy and hard times for thousands of workers in Britain's clothing industry.

The change of taste is one reason advanced in a union pamphlet for more than four jobs in 10 in the industry having been lost in the 25 years to 1976.

According to the pamphlet, produced by the National Union of Tailors and Garment Workers, the industry failed to anticipate and respond to trends in fashion, particularly in men's wear.

As the made-to-measure suit, so popular in the 1950s, lost favour and ready-to-wear garments improved in fit and appearance, men adopted a "purchase-today-wear-tonight" approach. Now jeans and open-necked shirts have taken over and it is common to wear the same type of clothes for work as for leisure.

The pamphlet, Employment in Clothing—A Struggle for Survival, says that the impact of the changes still does not, at times, appear to have been fully understood by manufacturers.

"Adjustments to take account of modern trends have been slow and painful. Too often the failure to respond has resulted in run-down and redundancy."

In 1951 the industry employed 118,000 men and 434,000 women but in 25 years the numbers slumped to 58,000 men and 249,000 women—an overall drop of 245,000.

Other reasons for the decline in employment are given as low-cost imports, increased productivity and inability to respond quickly enough to demand in periods of economic upturn.

Even so, the union is cautiously optimistic about the future. It says the present Government has done more for clothing industry than any in this century.

However, it says manufacturers must play a full part. There must be productivity levels to compete with rival countries and the industry must recognise that to retain and recruit labour will require more realistic and competitive wages and conditions.

Although recognising the "momentous task" ahead, the union concludes: "The industry is now in a position to become the leading European clothing industry."

Mr. Jack Macgougan, the union's general secretary, says in an introduction to the pamphlet: "There have been encouraging signs that, with the support of the Government, there is an increasing awareness of the importance of the clothing industry in the overall industrial structure of the UK.

"As recently as five years ago we could have had no such confidence and, indeed, the prevailing attitude appeared very largely to be that the industry was expendable."

Tories vow to fight pay curb sanctions

BY RUPERT CORNWELL, LOBBY STAFF

THE TORIES are ready to mount as vigorous a campaign against the use of sanctions or blacklisting of companies which breach the new 5 per cent pay norm as they did in the case of offenders against the 10 per cent limit decreed for Phase Three, Sir Geoffrey Howe, Shadow Chancellor, said at the weekend.

Sir Geoffrey left no doubt that a Conservative administration would not employ such devices, whatever its views of the correctness of the Phase Four guideline laid down by the Government.

In a speech to Surrey Young Conservatives, he accused Mr. Denis Healey, the Chancellor, of "deceiving himself and the nation" if he felt that the imposition of random sanctions against individual employers could be combined with a return to a more flexible pay structure.

He was firmly in favour of moderation and restraint in pay bargaining. "Settlements which override cash limits in the public sector, or which exceed the resources of individual trading concerns, can only raise prices, rates, or taxes today—and unemployment tomorrow."

What did need to be questioned however, was the effectiveness, as well as the legitimacy, of sanctions directed against selected employers in support of a so-called "rigid policy" for pay.

"The fact that earnings during Stage Three went up by 14.2 per cent alongside a proclaimed objective of 10 per cent shows very clearly that the policy does not achieve its declared objective.

"The fact that Mr. Healey declares himself satisfied with the result demonstrates equally clearly his capacity for deceiving himself."

Already public opinion was being prepared for a similar "success" in Stage Four. The limit had been stated to be 5 per cent, but it had already been made known that Mr. Healey would be happy with an overall outcome of between 7 per cent and 12 per cent.

Average

"The yawning gap between declared objective and expected result means that the public policy will be as arbitrary in the year ahead as it has been in the past. James Mackie or some such firm will be publicly displayed, the economic equivalent of the Beira patrol."

Instead, Mr. Healey ought to be arguing the case for a moderate average level of pay settlements. "It is inevitable, in this context, that some estimate of the scope for total pay increases will become a part of public debate. That is a natural consequence of the announcement of targets for monetary growth and planned public sector spending.

"The estimated total pay component in the economy can be expressed in terms of an average. But it must not be thought of as a 'norm,' still less as a norm for settlements, when average earnings always reach a higher figure.

"Nor should it be thought of as a maximum, and least of all as a minimum, whether for earnings or settlements," said Sir Geoffrey.

Yet that was the likely consequence of another year of selective sanctions in support of a single figure. "That which should be presented as no more than a central feature of the way back to responsible collective bargaining can all too easily become the foundation of another year of rigid norms."

Sir Geoffrey said that sanctions were a "constitutional monstrosity" and the cause of industrial strife, while in economic terms they had produced a host of entirely arbitrary distortions.

"They have moreover rendered less necessary—and therefore less possible—the return to responsibility and understanding which are the essential foundations of a more stable and efficient future."

Bid to damp down Stevas—Boyson school exams row

BY RUPERT CORNWELL

THE CONSERVATIVES were busy last night trying to defuse another embarrassing party split on education, this time over publication of comparative examination results, between Mr. Norman St. John Stevas, Shadow Education Secretary, and his rumbustious Number Two, Dr. Rhodes Boyson.

The new row, being eagerly seized upon by Labour, stems from Dr. Boyson's deliberate contrasting of A-level results between comprehensive inner-city schools of Manchester and selective schools in its suburbs, and his suggestion that results were not being published to cover up poor performances.

Not for the first time Mr. St. John Stevas has been forced to disavow his outspoken deputy. He said in his Chelmsford constituency at the weekend that he did not favour publication of exam league tables.

"We want to see results placed in their appropriate social setting, and in the context of a particular school and its problems."

Support for Dr. Boyson came from the Monday Club, the Right-wing pressure group. It said that the Shadow Education Secretary's views would lead to distortion and "a form of social engineering and undeserved egalitarianism which the Conservative Party ought to deplore rather than justify."

Dr. Boyson, who this time apparently did not clear his speech, as is usually the practice, with his superior, said at the weekend that he would contine to fight the collectivist take over of the country," but he would not elaborate.

Mr. St. John Stevas said: "I do not wish to add to my comments." The disagreement comes at an awkward moment, a fortnight before the Tory conference in Brighton. There education is always a sensistive topic for party by no means universally reconciled to the virtues of comprehensive schools.

Farmland prices go up by 23%

BY MAURICE SAMUELSON

PRICES of farm land in England and Wales rose by more than 23 per cent in the first half of this year, from £1,058 to £1,309 an acre.

The steep rise follows the pattern of the same period in the past two years, indicating that prices are likely to level off in the autumn.

According to Farmland Market, published twice a year by Farmer's Weekly and Estates Gazette, the surge of confidence in land values results from the failure of a below-average supply to meet strong demand.

Fewer farms were coming up for sale, bringing higher bids from potential buyers who feared that prices would rise still further.

Buoyancy strong

While foreign buyers were still in evidence, there was little to support the "invasion" theory. "It is now clear that this purchasing is on nothing like the scale needed to back recent claims that there is a danger of foreigners taking over the countryside."

After rises in the first six six months, prices were expected to be consolidated in the second half. The buoyancy of the market was strong and there was no obvious reason for it to decline, the journal says.

Farmland Market, published twice yearly by Estates Gazette and Farmers Weekly, in collaboration with Oxford University Institute of Agricultural Economics; £12.50 a year.

Rail bridge to close for £3m. repairs

FINANCIAL TIMES REPORTER

ONE OF Southern Region's cross-Thames railway bridges—the six-span Hungerford Bridge, which brings 24,000 passengers daily into Charing Cross—is to be closed for most of next summer for £3m of repairs.

The bridge, built in 1865, will be closed from May 14 to September 30. Engineers will replace the wrought-iron girders that support the timber flooring of the bridge with steel girders.

"Not because they are unsafe, but because — as all steelwork does—they have become corroded," says Mr. G. R. Newlyn, divisional manager of the South-Eastern Division.

Suburban services will be the worst affected. Some will be cancelled and other diverted to Cannon Street, but most will start and finish their journeys at Waterloo East, where a special, temporary footbridge will be built to ease congestion.

Season-ticket holders who have to complete their journey by Underground, or by the Waterloo and City line ("The Drain"), will be issued with supplementary tickets at no extra cost.

Full details of the altered services and of the arrangements for season-ticket holders will be published at the start of next year.

'Unions want it both ways'

SIR JOHN METHVEN, director general of the Confederation of British Industry, yesterday hit out at unions opposing the Government's 5 per cent pay guidelines.

"The unions can't have it both ways," he said in London. "They would like to support the Government because it is a Labour Government, but cannot and will not bring their members to do so on this vital issue."

The high levels at which pay claims were being pitched indicated that many employers would have the greatest difficulty in settling near 5 per cent without confrontation.

The unions were virtually seeking rises twice over—"substantial pay increases and a cut in working hours."

It was about time the unions recognised that shorter hours would mean fewer jobs "because our industrial costs will go up and we will once again price ourselves out of world markets."

"We know people's wages have to rise to meet rising costs, but unless the rise is in real terms the exercise is self-defeating.

"If the strong unions hold us up to ransom at the cost of the weaker and the non-unionised this winter it will be impossible to hold inflation down."

Unions were opposing increased productivity, which led to more wealth and therefore new investment and new jobs.

"Socialism in Britain has become intertwined with the industrial and economic evils for which we are now seeking remedies."

High personal taxation was turning Britain into a nation of people wanting to be paid in cash with no questions asked. Tax-dodging was becoming a national sport.

Until personal taxation returned to a more acceptable level, the sport would continue. Tax-dodging was an "insidious disease which can destroy much of what so many people have always stood for," Sir John said.

Building materials sales up by 16.6%

BY JAMES McDONALD

BUILDERS' MERCHANT'S sales of building materials were 16.6 per cent up in July compared with the same month last year and for the 12-month period to end-July were 6.6 per cent higher than in the previous year.

The figures are published by the National Federation of Builders' and Plumbers' Merchants, which claims to represent 95 per cent of builders' merchants.

Mr. Reg Williams, director of the federation, said: "For the fourth month running all regions have recorded increases over the same month last year, which reflects the continuing improvement in the industry as a whole.

"Variations in the regional trading patterns are due, to some extent, to local trading patterns and the poor performance for this time last year. On the whole, however, the outward signs remain encouraging."

All regions showed increases in level of activity in July over the same month last year. The largest increases were in Scotland, up 36.9 per cent, and the Midlands, up 30.5 per cent. The lowest increase for the month over the year was recorded by London and the South-East, 8.9 per cent.

On a 12-month comparison Scotland showed only a 1.5 per cent increase, while the North-West had a 15.1 per cent rise, followed by the South-West and South Wales with 11.8 per cent; the Midlands with 9.5 per cent; and London and the South-East 4.2 per cent.

National parks 'menaced'

Financial Times Reporter

SOME OF Britain's national parks are in danger of being "graved away" with Government approval, Lord Winstanley, chairman of the Countryside Commission, said yesterday.

He told the annual conference of National Parks authorities, at Lynton, Devon, that they were not obliged to accept the advice of Government experts about the parks' resources.

He criticised Government plans for limestone quarrying in the Peak district and added: "We cannot go on allowing the national parks to be gnawed away on the basis of single cases."

Hospital ready to open

LIVERPOOL'S £43m Royal Hospital will open, after all, a week today—three years later than planned.

Threats of strikes by 700 members of three unions—NUPE, COHSE and the General and Municipal — receded yesterday after three hours of talks between the two sides under an independent chairman in the city.

Some points raised by the unions were accepted and talks will be resumed on Tuesday.

The hospital, a 26-acre site, will have the largest out-patients' department in Britain and a staff of more than 3,000. By spring, 820 beds should be available.

Sub-standard imported tyres a danger—MP

POTENTIALLY "death-dealing" car tyres were entering the country, particularly from Eastern Europe, and undercutting British-made products, said Mrs. Renée Short, Labour MP for Wolverhampton North-East yesterday.

She has written to Mr. Edmund Dell, the Trade Secretary, demanding Government action on both safety and commercial implications of the "sub-standard" imports.

"British sub-standard tyres have to be embossed with a warning that they should not be used over a certain speed," she said.

But no such requirement exists for tyres imported as replacements. So the purchaser has no knowledge of the tyre's capacity.

"They could be death-dealing if used over a certain speed, and are certainly undercutting and damaging the home-based industry. This is a very grave matter, which Mr. Dell should look into at once."

Mrs. Short told Mr. Dell that the proposed Peugeot-Citroen takeover of Chrysler UK would be yet another blow.

"I have been told by Goodyear, which has a plant employing 3,000 people in Wolverhampton, that if the deal goes through it will mean that in future all the cars will have Michelin tyres."

Hall scheme to aid deaf with sport and music

THE MANPOWER Services Commission is sponsoring a scheme in Ipswich to help deaf people improve their international standing in sport and to enjoy music.

It will make more than £32,000 available for a year's work by four adults and 12 young people who will build a sports hall for the deaf, including changing rooms, bar and kitchen.

The facilities are provided by the Suffolk Mission to the Deaf.

Mr. Robert Hyett, the mission's principal welfare officer, said: "We are becoming concerned about the facilities for young deaf people who may be very competent sportsmen to reach international standard.

Ian Paisley pelted with tomatoes by Catholic girls

BY STEWART DALBY DUBLIN, Sept. 24.

THE REV. Ian Paisley, the ultra-loyalist head of Northern Ireland's Free Presbyterian Church and MP at Westminster for North Antrim, yesterday preached in Dublin for the first time since the troubles started in the north 10 years ago.

As his unprecedented trip coincided with the all-Irish Gaelic football final, there was widespread apprehension that his visit would trigger violence. Dublin is swelled by tens of thousands of football supporters from the county of Kerry.

In the event the service, which was conducted in the Mansion House, official residence of Dublin's Lord Mayor, went off smoothly. Mr. Paisley refrained from any political comments and there were just two incidents.

Removed

At the beginning of the service, which was attended by a congregation of 250—a respectable if not overwhelming figure—a young Northern Irish Roman Catholic, waving a blue copy of the Bible, approached the platform.

He shouted that it was wrong for Mr. Paisley to come to Dublin when he himself had only recently condemned the practice of Catholics being allowed to preach in Westminster Abbey.

And towards the end of the sermon, three teenage girls in jeans and tee shirts tried to pelt Mr. Paisley with tomatoes. Both the young man and the girls were forcibly removed from the supper room, the hall hired for the afternoon for the service.

Outside, in the persistent drizzle, the girls, who are Roman Catholics, said they had merely wanted to make the point that in their view Mr. Paisley had been responsible for a great deal of the violence in Northern Ireland.

Mr. Paisley seemed at one point in his sermon as though about to embark on a political message as he said: "You wouldn't expect me to come here and trim my message. No Irishman, no Ulsterman, no one on this island, can have any respect for someone who trims his message."

In spite of this, Mr. Paisley stuck completely to what he called preaching the gospel and said nothing of a non-religious nature.

Towards the end, after being interrupted by the girls, he said: "Everyone here today, whether we are Protestant or Catholic, is travelling along the same road to God's grace. It does not matter twopenny tinks about me."

Escort

The service can be seen as an attempt to extend the influence of his splinter Church in the republic rather than to set up a political platform in the enemy's midst. Although there are 43 Free Presbyterian churches in the North there is only one in the republic, in Coragarry, Co. Monaghan.

It was the minister of Coragarry, the Rev. Austin Allan who organised today's service. He said the hope was to establish a church in Dublin eventually. In the meantime the Church would continue to hire halls for services.

Although the Gardai supplied a motor-cycle escort from the airport for Mr. Paisley, the Church was called upon to see to security at the Mansion House. This it did by importing 18 young heavies from Bambridge in Northern Ireland.

Scientists solve dead fish riddle

SCIENTISTS have solved the riddle of the dead fishes washed ashore in thousands in St. Austell Bay, Cornwall, where the sea gives off a bad smell and catches have fallen alarmingly.

Experts blame a dense microscopic plant which rots as it grows thicker—and reduces the oxygen in water, so that fish suffocate.

Doctor Gerald Boalch, of the Plymouth Marine Biological Laboratory said yesterday: "There is nothing we can do about it. It would help if we had a good gale from the south or south-west to stir up the sea.

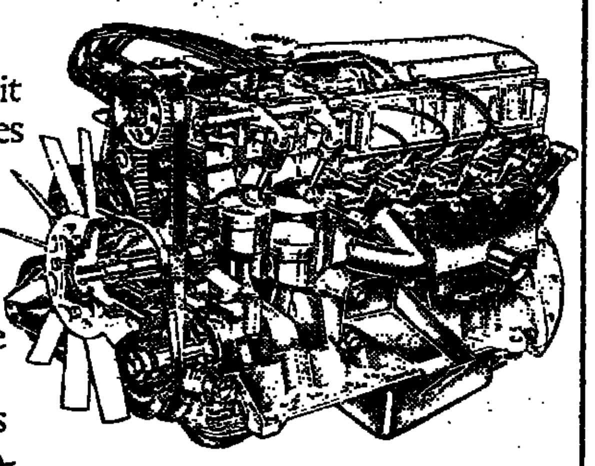
"This problem is only in the west country at the moment, but similar things happened off Norway in 1966 and Denmark in 1968."

How do you want your Rover?

With all models in full production, you now have a choice of three outstanding Rovers. To help you choose we offer a summary guide to the new Rover range. The three new Rovers share the elegant, aerodynamic body made famous by the award-winning Rover 3500. But each Rover has characteristics and features that are all its own, distinguishing them from each other and the Rover range from the rest...

Rover 2300

Powered by one of the new, 6-cylinder in-line Rover engines (2350 cc) with aluminium head, developing a healthy 123 bhp. The crisp gearbox is 4-speed manual with 5th speed and automatic options.

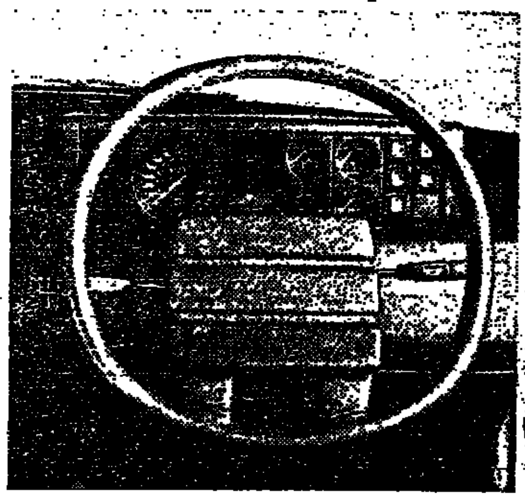


Rover safety: the sure stopping power of dual-circuit servo-assisted brakes

Rover safety: in case of accident, fuel supply automatically shuts off.

Comprehensive weather and grit protection: the car's paintwork is electrophoretically primed and thermoplastically finished.

There's full underbody protection, zinc sills and and stainless steel bumpers.



More safety: high intensity rear foglamps, twin reversing lights, hazard lights and front door-open warning reflectors. Inside, an energy-absorbing fascia and adjustable, telescopic steering column. And on all Rover models, a Triplex Ten Twenty Super Laminated screen, the most advanced safety windscreen in the world.

The 2300 doesn't skimp on comfort: reclining front seats have head restraints, there's cut pile carpeting and an easy-to-clean rubber boot surface, a push-button radio, cigar lighter, twin glove lockers and a driver's door mirror adjustable from inside.

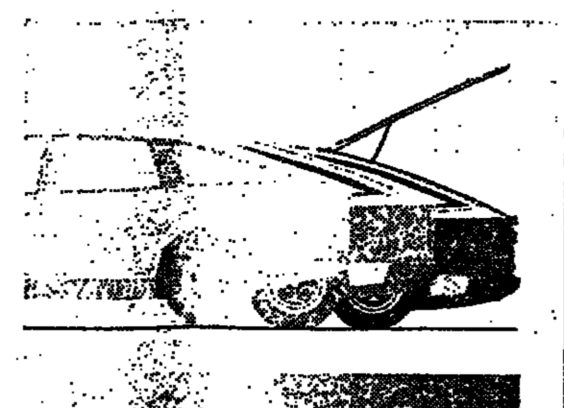
With all that safety and comfort goes high performance: a top speed of 114.1 mph and 0-60 acceleration of 10.8 seconds.†

All for £5909.67*

Rover 2600

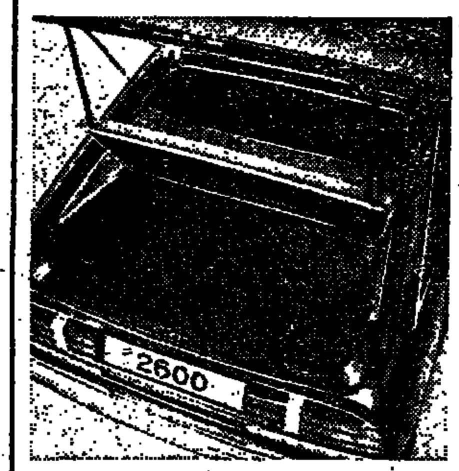
The six-cylinder engine is modified to deliver 136 bhp and, like the 2300 engine, features the Design Council Award-winning Air Temperature Control unit. Together with a belt-driven overhead camshaft, it contributes to efficient fuel consumption and quiet running.

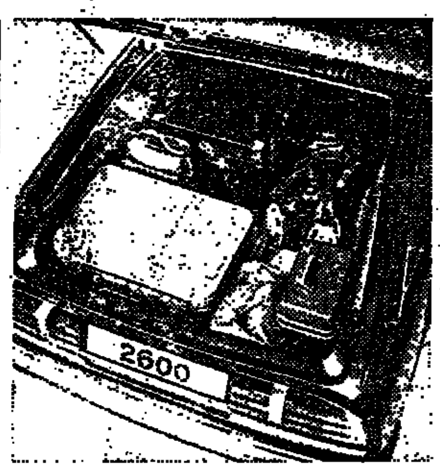
The 2600 introduces a self-levelling suspension system that ensures that the car is the correct height above the road whatever the load and however it may be distributed. The system also keeps the 4 beam halogen headlamps correctly aligned.



In addition to the 2300 specification you'll find map and glove locker lights, a carpeted boot, colour keyed fascia, more comprehensive instrumentation, extra comfort with box pleated seats, and extra refinement like front door-open warning lights.

The gearbox is 5-speed manual with an automatic option: the car reaches 60 mph from standing start in 9.0 seconds and has a top speed of 117.8 mph.†



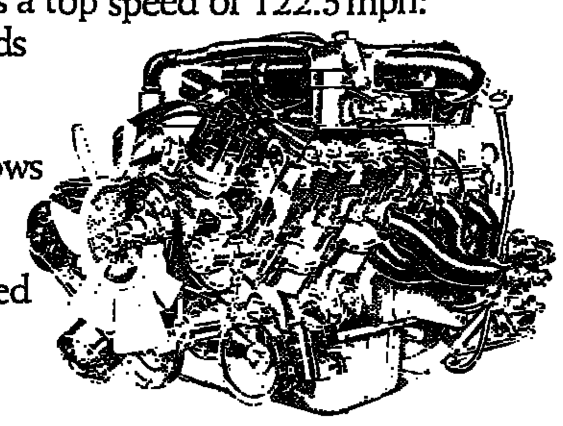


In spite of its additional specification, the Rover 2600 costs just £6272.37.* A price level with considerable tax advantages to the business car user.

Rover 3500

The magnificent Rover 3500 obviously has everything the 2300 and 2600 offer. And more.

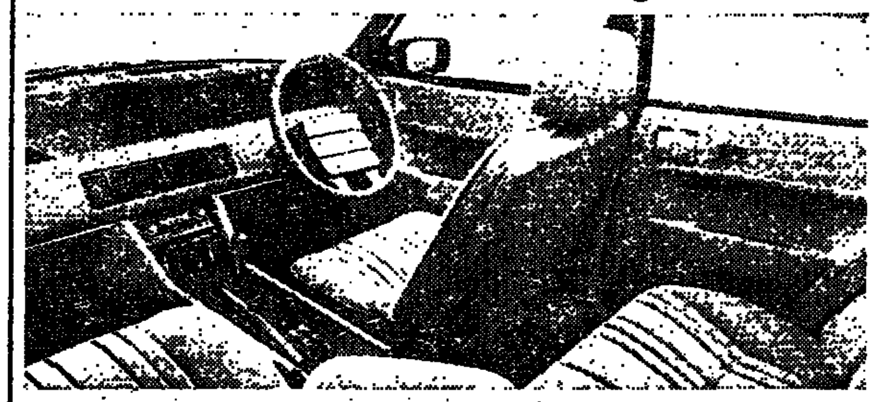
The famous Rover V8, 155 bhp engine is fitted with electronic ignition, which assists fuel economy, reliability and performance. The car goes from 0-60 in 8.9 seconds and has a top speed of 122.3 mph.†



The 3500 adds power-assisted steering. The all-round tinted windows are electrically operated. All five doors can be secured from a central locking device in the driver's door.

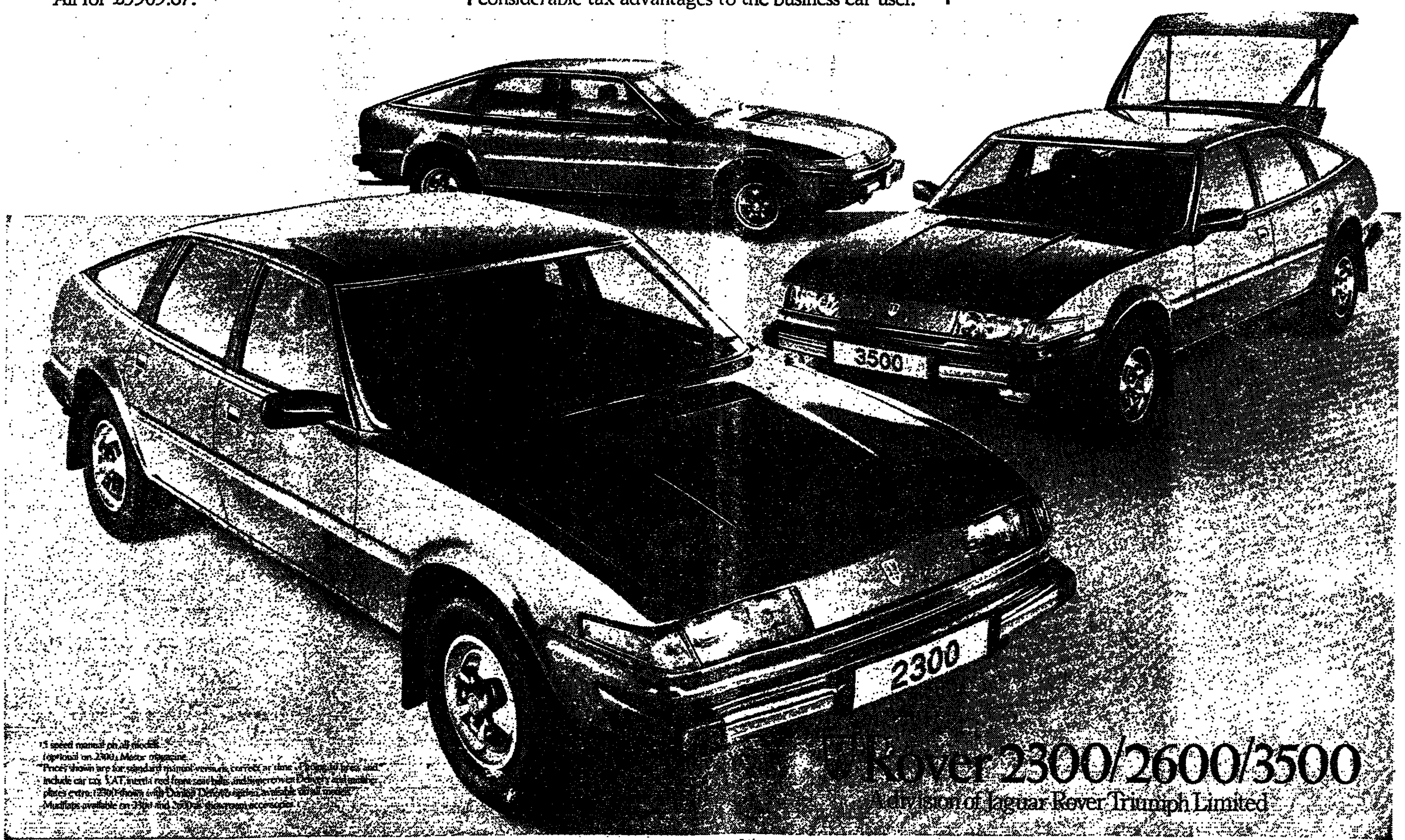
Apart from the luxuries fitted as standard, you can personalise whichever Rover you choose with some very attractive optional extras. (For example, Denovo tyres, the Rover sunroof and special alloy wheels.)

The award-winning Rover 3500 will cost you or your company £7511.40.* (A price which now has considerable business car tax advantages.)



Before you decide, you'll want to know a lot more about the Rover range than we have space to tell.

A visit to your Rover showroom will provide all the details and the opportunity of a test drive, which is usually the decisive experience.



†5 speed manual on all models
(optional on 2300). Motor magazine.
*Prices shown are for standard manual versions, correct at time of going to press and include car tax, VAT, inertia reel front seat belts and laminated windscreen. Delivery and number plates extra. (2300 shown with Dunlop Denovo option, available on all models.)
Mudflaps available on 2300 and 2600 as showroom accessories.

Official fuel consumption figures for: 2600 manual: simulated urban driving: 18.5 mpg, 15.3 litres per 100 km; constant 56 mph (90 kph): 38.2 mpg, 7.4 litres per 100 km; constant 75 mph (120 kph): 30.2 mpg, 9.4 litres per 100 km. 2600 automatic: simulated urban driving, 19.1 mpg, 14.7 litres per 100 km; constant 56 mph (90 kph): 34.1 mpg, 8.3 litres per 100 km; constant 75 mph (120 kph): 25.9 mpg, 11.2 litres per 100 km. 3500 manual: simulated urban driving, 16.2 mpg, 17.4 litres per 100 km; constant 56 mph (90 kph): 36.3 mpg, 7.9 litres per 100 km; constant 75 mph (120 kph): 27.9 mpg, 10.1 litres per 100 km. 3500 automatic: simulated urban driving, 19.1 mpg, 14.8 litres per 100 km; constant 56 mph (90 kph): 31.6 mpg, 8.9 litres per 100 km; constant 75 mph (120 kph): 23.5 mpg, 12.0 litres per 100 km.

HOME NEWS

Average food bill up 10p a head

BY CHRISTOPHER PARKES

THE FOOD BILL in the average British home during April, May and June this year was 10p a head a week higher than in the previous three months.

At £5.49 per person, average expenditure was 6.7 per cent up on the comparable quarter of last year, according to the latest Ministry of Agriculture reports on the National Food Survey in which eating habits and costs are monitored in 1,800 homes.

Consumption of most "staple" foods fell, shoppers bought less white bread and markedly less butter than a year earlier. Brown bread and margarine appeared to step into the gap, both increasing their sales.

Consumption of traditional children's favourites such as sausages and beans also fell, as did weekly purchases of beef, lamb, chicken and bacon. There was a small increase in sales of convenience foods.

During the three months under review the price of eggs averaged 3p a dozen lower than in the first quarter but purchases fell from 3.96 to 3.73 eggs per person per week. Some recovery is expected to appear in the next food survey report because eggs are now 10p a dozen cheaper than a year ago.

Milk plea

The consumption of fish, with supplies and prices affected by catch limitations in coastal and deep water fisheries, fell to 2.3 oz a head from 2.6 in the first part of the year.

There has been only one increase in the price of milk this year—up a penny a pint on January 1—and this appears to have helped stem the drop in sales. Consumption remained unchanged during the second quarter, but the public is still drinking 2 per cent less than a year ago.

The Government is considering a request from the big dairies which distribute the milk for an increase of 1p a pint on October 1. This, they claim, would be enough to cover their cost increases for a full 12 months.

Consumption of fresh and frozen vegetables was well up on the comparable part of last year—mainly reflecting the considerable reductions in prices. Sales of potatoes also increased while buying of citrus fruits and apples fell.

Even though the average price of both tea and coffee fell by about 5 per cent between April and June, consumption of tea continued to decline. Buyers appeared to switch to instant coffee.

In spite of the reductions in consumption of foods rich in protein and carbohydrate, the average citizen is still more than adequately nourished. Protein intake for example is 80 per cent higher than the minimum requirement

FINANCIAL TIMES GROCERY INDEX

Fruit and veg falls balance other rises

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE FINANCIAL TIMES grocery basket price index remained virtually unchanged this month as a further sharp fall in fruit and vegetable prices was balanced by rises in meat, dairy produce, and frozen food prices.

The shopping basket index for September was 101.90, a rise of only 0.01 on the August index. The index is based on prices collected by 25 Financial Times shoppers in all types of shops and locations throughout the UK. It reflects the trend in food prices several weeks before the position is usually given in Government statistics.

Falls in the cost of fruit and vegetables in September—down by almost £16 to £168.45—reflects the spell of relatively good weather in recent weeks as well as more supplies coming onto the market.

Eating apples in particular were substantially down in price, with falls of up to 20p per lb in some shops and prices ranged from between 10p and 20p a lb, according to individual quality and variety. The fall in the price of cooking apples was less marked—up to 10p per lb cheaper in some cases—and they were selling at between 12p and 18p a lb.

Potato prices were again down by about 1p a lb and selling at between 3p and 5p a lb. This reflects the continuing potato surplus this summer with farmers getting rock-bottom prices. Cabbages, cauliflowers and onions were also slightly cheaper.

Most salad vegetables were also cheaper. Lettuces, for example, were about 2p cheaper and selling at between 10p and 14p each. Tomatoes, however, were slightly dearer according to the shoppers and were costing between 19p and 25p a lb.

The drop in the fruit and vegetables section of the basket was compensated for by a rise in other areas. Eggs, butter and cheese all showed small rises. Standard eggs, either grade three or four, were costing the shoppers between 40p and 46p a dozen. The fresh meat section of the basket showed the largest absolute rise this month with virtually all cuts of meat monitored up in price.

The rise in the cost of frozen foods was largely due to higher prices for frozen peas—about 1p more for an 8 oz bag in most cases. This reflects concern over a poor pea harvest and uncertainty over the level of stocks of peas held.

THE FINANCIAL TIMES SHOPPING BASKET

SEPTEMBER, 1978.

	September £	August £
Dairy produce	481.09	474.69
Sugar, tea, coffee, soft drinks	181.55	182.78
Bread, flour, cereals	237.24	235.49
Preserves and dry groceries	87.30	87.09
Sauces and pickles	41.35	41.31
Canned goods	156.51	156.27
Frozen goods	190.26	185.79
Meat, bacon, etc. (fresh)	442.63	436.51
Fruit and vegetables	168.45	184.13
Non-foods	180.16	182.27
Total	2,166.54	2,166.33

Index for September: 101.90

1978: March 100; April 101.77; May 103.11; June 104.18; July 102.41; August 101.89; Sept. 101.90.

Retail price inflation rate 'could double next year'

BY DAVID FREUD

THE ANNUAL rate of retail price inflation could double next year, according to a monetarist model of inflation designed by City stockbrokers de Zoete and Bevan.

The model relates the UK Price level to the monetary base and its forecast is substantially higher than that of many models based on costs.

However, says de Zoete, the historical record of this monetarist model is at least as good as many cost models and possibly better during the recent period of floating exchange rates.

The monetarist model was run on the optimistic assumption that the annual rate of expansion of the monetary base through next year would fall to 5 per cent from the 16.5 per cent of last month.

In spite of this, single-figure inflation did not return before 1980. Next year, the central forecast for the annual rate of retail price inflation climbed to 18.5 per cent in the second quarter.

Supported

The firm's own cost model estimates supported a rise in the rate of inflation next year, but by a lesser extent.

On the basis of assumptions of a 14 per cent, at most, increase in earnings and a 7 per cent rise in sterling import prices over the year to next July, together with a 0.75 per cent increase in the mortgage rate and a modest rise in indirect taxes, the annual rate was forecast to rise to a peak of about 12.5 per cent next year.

Brokers Kemp-Gee and Co. forecast a rise in retail prices of only 9.5 per cent next year and a current account balance of payments surplus of £300m this year and £1bn next.

Dr. David Lomax, economic adviser to National Westminster Bank, said that in spite of the more optimistic view of inflation expressed by the Price Commission, the trend was probably still modestly upwards.

The precise outlook for inflation depended on the maintenance of a firm monetary policy, on external factors affecting the exchange rate an on the movement of other cost elements including wages and salaries.

Delicious threaten bumper British apple crop

By James McDonald

THE BRITISH apple crop this year is considerably better than the poor harvests of last year and 1976. Such of it as is surplus to present demand will be put into store for the Christmas and January trade.

Second-quality apples left to drop will be used for livestock and manure, being the general practice.

The main danger in marketing this bumper crop is the inroads being made by French Golden Delicious apples into the UK trade.

Over the past two years the French have invaded Britain with attractively packed Golden Delicious, and because of their quality they are selling at about 25p lb, compared with an English apple price of about 12p lb.

A major complaint is that many English apples are badly packed, just thrown into boxes and bruised.

There is also the complaint that they are not graded in size and quality like the French product — similar to the complaint that English tomatoes in grading, size and quality do not compare with those from Holland.

Promotion

French apple growers are campaigning to maintain their increased share of the trade. On promoting and advertising Golden Delicious alone, they are spending £250,000 a year in the UK compared with an overall total being spent by the English Apple and Pear Development Association on all its products of less than £200,000.

Mr. Joe Saphir, chairman of the Saphir group, said that unusual weather conditions caused a fall of apples in July, in addition to the normal fall in June. He estimated that this could have reduced the UK crop to between 330,000 and 360,000 tonnes.

Last year's "disaster" crop amounted to 230,000 tonnes with the output of Cox's badly affected.

Production of Cox's was expected to be about 120,000 tonnes — more than double the very low level of 58,000 tonnes last year.

Mr. Saphir pointed out that there had been a significant recovery in overall ECC apple production, and an estimate that total EEC output would be at least 6.5m tonnes, as against little more than 5m tonnes last year.

FINANCIAL TIMES CONSUMER CONFIDENCE SURVEY

Split on Labour or Tory ability to hold prices

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

CONSUMERS are divided almost equally about whether a general election would enable either a Conservative or Labour administration to combat price rises more effectively, according to the latest Financial Times survey of consumer confidence.

In response to a question whether a Tory or Labour government would be better at dealing with prices after the next election, about 30 per cent thought the Conservatives would be better and 28 per cent thought Labour, leaving a very large 42 per cent as "don't knows."

There were considerable variations between opinions expressed by different social classifications. The professional and executive grades, especially women, favoured a Tory government's capabilities in dealing with prices while the male manual workers favoured Labour.

Among age groups, the under 34-year-olds and over-55s preferred the Tories while those in between felt Labour to be more capable.

All regions except London and the South tended to favour a Labour rather than Conservative administration when it came to dealing with prices.

The main part of the survey disclosed that all three major indices—the past prosperity index, the future confidence index and the index of "buying for the house"—were down this month, representing a more pessimistic outlook by consumers for the future.

The past prosperity index, which reflects how families feel compared to 12 months ago, fell to minus two per cent after being plus four per cent last month.

The fall was due to fewer people—30 per cent compared with 34 per cent in August—feeling better off than a year ago and a rise in the numbers feeling worse off (30 per cent to 32 per cent). This is the first time those feeling worse off have been in the majority since April this year.

Among all the social groupings there was a fall in people feeling better off and a rise in those feeling worse off. Male manual workers seemed to be most pessimistic while women in the same social classification were more optimistic than usual.

Analysis according to age shows that more young people were feeling worse off, although the over 55s stayed about the same. Regionally, past prosperity has fallen in all areas except London and the South.

The index of consumers' future confidence also showed a slight fall in September, to minus 2 per cent. This was due to a decrease in the proportion of adults expecting conditions to improve (from 23 per cent to 21 per cent) while the proportion expecting conditions to worsen remained constant (23 per cent).

Consumers who were optimistic gave as the main reason the opinion that "things must improve." Significantly, the numbers believing that inflation was under control and that North Sea oil would solve all economic problems dropped substantially.

The pessimists stressed unemployment and the Government's handling of the economy as their most important current preoccupations.

Pessimists remained in the majority in all social classifications except professional and executive men. And the under-34s remain the only group with an optimistic outlook.

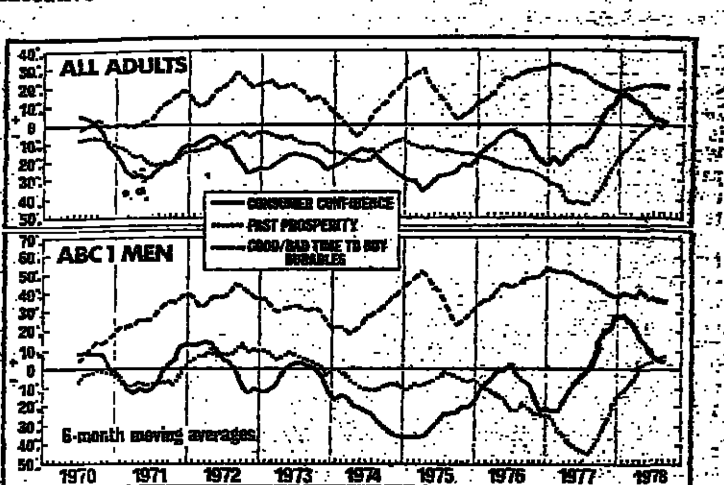
Regionally, the North East and Scotland are the only parts of the country this month where optimists are in the majority. The Midlands and Wales are the most pessimistic regions.

The survey also revealed a slump in the numbers believing that now was a good time to buy "big things for the house." Just over four out of ten surveyed thought now was a good time, with almost three out of ten taking a more pessimistic view.

The difference between the two groups was the smallest since June and down by a third over last month. The pessimism about big purchases was most marked among the young and old, and in the Scotland and the North-East.

Consumers also have taken their most pessimistic view of unemployment prospects since early 1976. About 42 per cent of those interviewed for the survey thought unemployment would increase—up 4 per cent—while only 12 per cent thought it would fall, down 4 per cent over last month.

The survey was carried out by the British Market Research Bureau for the Financial Times between September 7 and 13. A total of 1,090 adults were interviewed.



Manpower crisis hits building

THE CONSTRUCTION industry is short of skilled men, a builders' leader said at the weekend.

Mr. Henry Stradling, president of the Federation of Master Builders said: "Our industry faces a grave manpower situation and I feel I must warn both the Government and the public that the most urgent problem facing us is not that of unemployment.

"It is, on the contrary, that we have difficulty in getting the men to carry out even our present workload."

Mr. Stradling told the annual conference of the federation's Yorkshire region at Scarborough that his organisation would co-operate with unions in finding jobs for unemployed skilled men.

"In every one of the federation regions employers are finding it impossible to obtain all the skilled labour needed to maintain their present commitments."

LABOUR NEWS

Renold dispute likely to be made official

BY PAULINE CLARK, LABOUR STAFF

THE AMALGAMATED Union of Engineering Workers is likely to make official this week a six-day old strike by 1,000 workers at Renold's Coventry power transmissions factory in what is believed to be the first stoppage over the engineering federation members' special problems with the Government's Phase Four pay policy.

What the employers described as normally peaceful industrial relations were broken when the company made an initial 3½ per cent pay offer in response to a "substantial" claim which the union says was in line with last year's 10 per cent wage increase.

The company is among many others in the Engineering Employers' Federation which face particular difficulties in the current wage round because of a national agreement reached last February which gave earnings guarantees for implementation after the start of Phase Four.

The Government has made clear that the earnings rise based on the guarantee—which in the case of Renold was 1½ per cent—has to be included in the overall five per cent pay limit.

Renold said that because proportionally few of its Coventry workers would benefit from the shift and overtime increases in the guarantee, it was now offering instead a straight 5 per cent without paying the increased earnings in the National Agreement.

But according to Mr. Jim Griffin, AUEW district organiser, "On the face of it, a war of attrition has already started."

Most of the workers involved are women employed as semi-skilled machinists on the assembly line and earning on average between £55 and £65 a week. Their main customer is Ford Motor Company.

Mr. Griffin said the walk-out was a spontaneous reaction from the shop floor against a "ludicrous" pay policy.

The union was waiting for the next move from the employers but this was unlikely to be made until after the end of the autumn week holiday starting today.

The federation said that as far as it knew, this was the first of its members to suffer industrial action as a result of the effects of the national agreement on this year's pay round.

About two-thirds of the federation's 6,000 members could be faced with serious constraints on their negotiating freedom because of the need to cost the industry-wide agreement against this year's wage settlements.

[C]hrysler [t]oolmen [c]onsider [s]triking

SLER TOOLMAKERS may ed with a decision on strike over a pay claim when return from their week- autumn holiday

strike is one of three ative recommendations stewards are considering. ntually a recommendation o to a meeting of the 260 om engineers at two ler factories at Coventry.

Phil Povey, an engineering official who met shop ds on Saturday, said that courses for action were to a fair-wage claim to the il Arbitration Committee give a trial period to the ny's self-financing pro-ity scheme.

fair-wage claim, if ed by the committee, mean £1 extra in pay s plus the £5 promised in roductivity deal.

[S]LADE in [c]ourt on [W]ednesday

Our Labour Staff

PRELIMINARY hearing of a against SLADE, the y of Lithographic Artists, ners and Process Workers, ed in the High Court for esday, leaders of a cam- for members' rights in the 's artists' section said yes- y.

campaign leaders won a orary injunction this week- against SLADE to prevent eclaring the result of a , and from acting upon the , in the latest development union's internal row over llation of a constitution for ADE art union.

nbers of the artists' section formed themselves into an nion which, it is proposed, l be part of SLADE but its own constitution.

y have brought a case st SLADE on the grounds the ballot would be in h of a court order of last ry, when the union was nted from setting up a itution for the art union gh a conference with art n members in the minority.

nessage on the ballot forms Mr. John Jackson, general ary of SLADE, urges art members to vote for E's proposals for formulat- les for the section.

Unions will co-operate with Tories–Prior

BY OUR LABOUR STAFF

MR. JAMES PRIOR, Conservative Employment spokesman, has been told by leaders of Britain's principal trade unions that they will have no difficulty in working with him if the Conservatives win the next election, according to News for Trade Unionists, the Conservative trade unionists' publication.

In an interview with the paper, Mr. Prior dismissed as "electioneering" statements by a number of union leaders at the TUC in Brighton that they would find it difficult to work with a Tory Government.

Mr. Prior talked of a "friendly and co-operative" relationship with trade union leaders whom he had visited often at their request.

He referred in particular to a visit to the headquarters of the National Union of Railwaymen in London.

Mr. Sid Weighell, general secretary of the NUR which is historically tied closely to the Labour Party, is one of the union leaders who earlier this year demonstrated an hostile approach to the Conservative leadership. After his union conference in Llandudno, North Wales, voted for a continuation of the social contract, Mr. Weighell made it clear that the pact was not for a Conservative Government.

Mr. Prior, who told the paper he was on first-name terms with the union leaders, declared that there were "very few" of them who had not been to his house over the years "and sometimes we go to a restaurant."

Apart from visits to Congress House and to the NUR, he had been to the headquarters of the Union of Post Office Workers and ASLEF, the train drivers' union.

Mr. Prior had given the union leaders an undertaking that there would be full negotiations before any changes in the industrial relations laws. Changes that were being contemplated, he repeated, were minor.

Promising a meeting with the six TUC members of the National Economic Development Council on his first day as Secretary of State in a new Conservative Government, Mr. Prior said: "I am certain that a spirit of co-operation and goodwill will exist."

Engineers' ban prevents long-haul flights

BRITISH AIRWAYS long-haul flights are being hit by an overtime ban by engineering staff. Two flights, to Los Angeles and to Montreal, were cancelled yesterday, and two to New York and Johannesburg will be cancelled today.

The 200 to 300 passengers a day affected are being notified in advance and rebooked on other flights, sometimes with other carriers.

The engineers want pay parity with British Caledonian, the independent airline. The engineers say the difference amounts to £4 to £6 a week, but the airline says the differential is only about £2 a week, and they cannot pay it because of Government pay guidelines.

Miners earn £55 extra pay

RECORD - BREAKING face workers at Bolsover colliery, Derbyshire, have earned incentive payments of £55 in a week.

Mr. Peter Heathfield, secretary of Derbyshire Mineworkers, said yesterday. "This is the highest I have heard of."

Bolsover miners, who hesitated about joining the incentive scheme, have broken their weekly output record for the fourth time since March.

They claim to be the highest-paid miners in the area, and former Bolsover miners are applying to return.

Mr. Heathfield said that from time to time a pit had a very good run but then "mother nature" altered working conditions and high production became more difficult.

[LE]GAL NOTICES

No. 002828 of 1978

[In t]he HIGH COURT OF JUSTICE [Chance]ry Division Companies Court. In [the Ma]tter of JUSPALM LIMITED and in [the Ma]tter of The Companies Act, 1948.

[NOTI]CE IS HEREBY GIVEN that a [Petitio]n for the winding up of the above-[named] Company by the High Court of [Justice] was on the 7th day of September, [1978, pr]esented to the said Court by P.P.S. [...]N FOODS LIMITED, whose regis-[tered] office is situate at 97, Parkway [...] Sheffield 9, and that the said [Petitio]n is directed to be heard before the [Court] sitting at the Royal Courts of [Justice,] Strand, London WC2A 2LL on the [23rd da]y of October 1978, and any creditor [or co]ntributory of the said Company [desirou]s to support or oppose the making [of an] Order on the said Petition may [appear] at the time of hearing, in person [or by h]is counsel, for that purpose, and a [copy o]f the Petition will be furnished by [the un]dersigned to any creditor or con-[tributor]y of the said Company requiring [such c]opy on payment of the regulated [charge] for the same.

[H]ERBERT OPPENHEIMER, [N]ATHAN & VANDYK, [2]0, Copthall Avenue, [L]ondon, EC2R 7JH. [R]ef.: TI/KGO SRO.60182 [S]olicitors for the Petitioner.

[NOT]E.—Any person who intends to [appear] on the hearing of the said Petition [must] serve on or send by post to the [above-]named, notice in writing of his [intentio]n so to do. The notice must state [the na]me and address of the person, or, [if a fir]m, the name and address of the [firm an]d must be signed by the person [or firm], or his or their solicitor (if any), [and mu]st be served or, if posted, must be [sent] by post in sufficient time to reach [the ab]ove-named not later than four [o'clock] in the afternoon of the 20th day of [October] 1978.

No. 002867 of 1978

[In th]e HIGH COURT OF JUSTICE [Chance]ry Division Companies Court. In [the Ma]tter of J.T. (GLASS) LIMITED [and in] the Matter of The Companies [Act, 194]8.

[NOTI]CE IS HEREBY GIVEN, that a [Petition] for the Winding up of the above-[named] Company by the High Court of [Justice w]as on the 12th day of September [1978, p]resented to the said Court by [THE M]AYOR AND BURGESSES OF THE [LONDO]N BOROUGH OF HARINGEY of [the Civ]ic Centre, High Road, Wood Green, [London], N.22, and that the said Petition [is direc]ted to be heard before the Court [sitting] at the Royal Courts of Justice, [Strand,] London WC2A 2LL, on the [23rd d]ay of October 1978, and any [credito]r or contributory of the said [Company desirou]s to support or oppose the making [of an] Order on the said Petition may [appear] at the time of hearing, in person [or by] his counsel, for that purpose; and [a copy] of the Petition will be furnished [by the] undersigned to any creditor or [contrib]utory of the said Company requir-[ing suc]h copy on payment of the regulated [charge] for the same.

T. F. NEVILLE, Chief Solicitor for and on behalf of the Mayor and Burgesses of the London Borough of Haringey, Civic Centre, High Road, Wood Green, London N.22. Solicitor for the Petitioner.

[NOT]E.—Any person who intends to [appear] on the hearing of the said Petition [must] serve on, or send by post to, the [above-]named notice in writing of his [intentio]n so to do. The notice must state [the na]me and address of the person, or, [if a fi]rm the name and address of the [firm a]nd must be signed by the person [or firm], or his or their solicitor (if any)

No. 002566 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of GILDNA INVESTMENT COMPANY LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 12th day of September 1978, presented to the said Court by THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF HARINGEY of the Civic Centre, High Road, Wood Green, London, N.22, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 23rd day of October 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

T. F. NEVILLE, Chief Solicitor for and on behalf of the Mayor and Burgesses of the London Borough of Haringey, Civic Centre, High Road, Wood Green, London N.22. Solicitor for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 20th day of October 1978.

No. 002900 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of FITZWILLIAM ELECTRONICS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 13th day of September, 1978 presented to the said Court by ROSS INDUSTRIAL MOULDINGS LIMITED whose Registered Office is at 13a Harben Parade, London NW3 6LH, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 23rd day of October 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

SILVERMANS, 11, High Street, Barnet EN5 5UJ. Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSES

Reactions take less power

FIRST SUCCESSFUL installation of a Kontax system for gas-liquid contacting, which demonstrates substantial improvements in cost and performance over conventional gas absorption equipment, has been reported.

Following conceptual development of the process in the laboratory, Tolltreck Linkrose was formed in 1977 to develop the technology for many gas-liquid, liquid-liquid, and gas-liquid-solid contacting applications. In less than two years the Kontax method has been successfully developed and marketed. It has achieved the design goals predicted by pilot plant and mathematical modelling.

Conventional gas-liquid contacting equipment traditionally uses large amounts of energy. Kontax technology, by contrast, takes a substantial step forward by overcoming these disadvantages through a new flow regime which ensures a very high density and turbulent bubble phase.

This means in practice the generation of interfacial areas in excess of 1,000 square metres per cubic metre of volume—a ratio of around 20 times greater than conventional equipment—with concomitant reductions in plant size and, therefore, capital costs.

While achieving this high contact area, the Kontax technology can ensure 100 per cent gas utilisation in absorption processes with an approach to equilibrium conditions in the region of 95 per cent. This performance factor leads to an energy demand that is only marginally above theoretically perfect systems.

Tolltreck Linkrose is continuing application development work on oxygenation of liquid and effluent streams; neutralisation of alkaline effluents by carbonation; solids separation by dissolved air micro-flotation; and liquid/liquid solvent extraction.

A full-scale carbonator operating at a flow rate of 10,000 litres per hour, producing dissolved carbon dioxide concentrations of up to 10,000 ppm has been installed. It can be operated at least one atmosphere lower in pressure than conventional equipment at equal temperatures—or at a temperature up to 10 degrees C higher if working at the same pressure as conventional equipment.

Further from Priory House, Friar Street, Droitwich. 09057 5661.

● ACCOUNTING

Tailored for newsagents

AS A development from its Newspac bureau-based system for wholesale newsagents, Gamma Associates has introduced News-Key, a family of "turnkey" computer systems for wholesale newsagents.

News-Key is being marketed by the Distributive Trades Division of Gamma which will be announcing further systems for wholesalers in the distributive trades in coming months. Other systems for retailers in this market segment are also in the pipeline.

News-Key is available in three basic models and can be tailored to suit differing user requirements. The model required depends on the number of newsagents that the system is to handle and the number of terminals required.

Knowing exactly the quantities of each publication that are ordered by any particular customer at a second's notice is the sort of help News-Key gives. All the information vital to the successful running of a wholesale newsagent's business is provided on a display screen in simple English with no jargon.

At the required time each week, the News-Key system collates all details of orders, returns, cash payments, etc., entered, takes into consideration any failures to deliver certain publications and produces clear and concise invoices to the retailers.

News-Key is the latest DEC-based venture by Gamma, largest UK user of these machines. Gamma's recent annual report disclosed a company growth rate of some 40 per cent which implies that its turnover could overtake that of its main supplier—Digital Equipment Corp.—within three years or so.

Gamma Associates, Compass House, The Ropewalk, Nottingham, NG1 5DQ. 0602 49555.

● SAFETY

Microwave detector is simple

INSTRUMENTS on the market for detecting microwave leakage are generally designed for the use of inspectors, maintenance workers and laboratory technicians, and are both too expensive for the microwave oven user and more complicated than he needs to assure him that his appliance is as safe as it should be.

There is, therefore, a need for a cheap, simple device which will indicate when the intensity of leakage is in excess of that which is generally considered safe for the purpose.

Such a device, is the Interceptor Microwave Leakage Detector, manufactured and sold in Australia, where it retails in the multiple stores and supermarkets at about £8.00. The detector was designed and developed by the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and the manufacturers, Electrobits Pty. of Clayton, Victoria, are looking for companies interested in taking exclusive distributorships (with agreed minimum levels of sales) in major countries.

Representatives of Electrobits Pty. Ltd. appointed to locate markets in the UK, Europe and North American are Angledene, 11, Cotswold Avenue, Lowton, Warrington, Leigh (0942) 672051.

The patented device is extremely simple, has no switches, and is operated by running it along the seals around the door of the cooker or other unit. A bright glow signals excessive leakage.

It has applications outside the home, where industrial or medical microwave units are used. However, the builders point out that it has been designed specifically for use in the industrial, scientific and medical waveband centred at 2450 MHz and would thus not be suitable for tests around industrial high frequency heaters.

Reflective tyres

NIGHTS are drawing in and with the children back at school motorists need to be reminded that the cyclist is one of the most vulnerable of road-users.

A Dutch company is marketing cycle tyres with reflecting sides. The reflective material is vulcanised into the tyre during the manufacturing process and is not simply stuck to it.

It forms a single substance with the tyre and is virtually impossible to wear away. Tests have shown that the reflective effect was still 80 per cent after 5,000 km. The 20 per cent reduction was caused by dirt and wear.

Other trials have shown that the reflective material incorporated into the tyre during the vulcanisation process is effective at distances of more than 150 metres. For a motorist driving at 100 km per hour this is sufficient to stop in time.

The reflecting cycle tyres are also an excellent way of making the side of a bicycle visible and identifiable in the dark. The tyres are available in a range of current sizes.

Vredestein Doetinchem BV, Postbus 24, Doetinchem, Holland.

● ENERGY

Powerful gas turbine

AN International Standards Organisation rating of 2500 bhp has been achieved by Ruston Gas Turbines for its TA 1750 machine, filling a gap in the present world production of industrial gas turbines.

Power increase has been mainly achieved by improving the efficiency of the compressor, to which an additional stage has been added to provide a greater mass flow at a pressure ratio of 5:1 and by modifying the combusion chamber and burner to deal with a higher heat release.

Compressor and compressor turbine speed of the machine have not been increased and the use of two stages for the power turbine gives low stress levels and maintains a safe overspeed ability. With only a modest increase in maximum temperature to 840 deg. C, the high reliability and long periods between blade inspection and overhaul associated with these machines still apply.

The new machine, TA 2500, is equipped with solid state governor and controls, a high energy ignition system, and an underbase which can be coupled to a matching base for the driven unit, forming a single rigid unit. More from the company at P.O. Box 1, Lincoln LN2 5DJ (0522 252120).

● MACHINE TOOLS

All angle miller from Sweden

NEWLY developed, an experimental machine tool is expected to change conventional thinking about machining concepts, according to its Swedish inventor Per Aldrin. The machine, expected to come on the market before the end of the year, is a universal, all-angle milling machine.

Per Aldrin is an engineer from Saltsjo Duvnas. The prototype of the new machine is being tested at the Royal Institute of Technology at Stockholm (KTH) and tests have shown that horizontal, vertical and angle milling on all sides of the workpiece can be carried out without resetting.

Conventional machines have one work table. This machine has two. The tables are similar, and one is vertical whereas the other is horizontal. Both can turn through 360 degrees and are movable. The spindlehead can also be turned through 360 degrees. The column supporting the vertical table can also be displaced along the baseplate.

This new method of arranging a machine tool is the subject of a patent application and offers opportunities for setting all conceivable angles and directions of feed between the tool and the workpiece. At the same time, relatively large workpieces can be machined in a very compact machine tool. It also enables a high-precision machine to be manufactured at a moderate cost.

A market will primarily be open for a relatively small and compact machine such as this among manufacturers of prototypes and tools, advanced repair workshops, R and D and experimental workshops, at training establishments and in workshops with limited floor area. At a later date, it may prove justifiable to scale up the machine to a larger size.

Table size is 400 x 125 mm; logitudinal feed with the table at right-angles to the centre line of the spindle is 240 mm and with the table parallel to the centre line 480 mm; transverse feed with the table at 90 degrees to the centre line of the spindle is 115 mm and at the vertical column 125 mm.

The vertical feed is 275 mm and the distance between the spindle centre and the table when the spindle is horizontal is 0-480 mm, and when the spindle is vertical 0-390 mm. The maximum distance between the spindle centre line and the column when the spindle is vertical is 175 mm.

Spindle nose includes a nut and collars of 3-6, 8, 10, 12 and 14 mm diameter. Centre height on turning is 63 mm and maximum distance between centres 200 mm.

For the exploitation of this new design, Per Aldrin colaborates with Professor Bertil Agdur at AB Swedovo.

This crawler-mounted transporter designed and built by Krupp Industrie und Stahlbau for moving loads of up to 1,000 tons has gone into service in a German open-cast mine for shifting the 15 metre high, 80 m long and 700-ton drive terminals of the trunk conveyers. It is also used for transporting heavy equipment and new conveyer drive terminals from the assembly point to the working site. The crawler can serve for moving other heavy-load items such as bridge, ship and reactor components, transformers and sections of offshore drilling rigs. It is driven by a 210-kW diesel engine.

● QUALITY CONTROL

Automated testing

VALUE ENGINEERING, energy conservation, quality control and consumer protection all add up to a greater need for first rate equipment for testing materials and components, quickly either outgoing or coming in. Until recently the demand for this kind of apparatus was largely confined to government and educational estabilshments and nationalised industries like steel, coal and aerospace.

Industry has been comparatively reluctant to install expensive research and development facilities of this kind, but is having increasingly to face up to the need for it on competitive as well as quality grounds.

A specialist in this area is Dartec Engineering, whose servo-hydraulic testing machines have broken new ground technically. In the nine years it has been formed Dartec has expanded by 50 per cent annually and is now a leader in the UK with a strong world potential it is beginning to exploit. Its success is based on a hard-headed approach to design and construction with the aim of solving persistent problems at worthwhile cost. The units are priced from £10,000-£60,000 and the most sophisticated can be worked by metallurgists, freeing senior laboratory staff for other work.

Dartec has now added to the range which uses servo-hydraulic jacks covering dynamic capacities from 5KN to 1MN a computer-control led unit which incorporates a touch switch control panel to exclude dust and dirt. Test data entered by the operator through the VDU is combined with pre-programmed information to provide a series of automatic test sequences. New or modified tests can be introduced. The computer tabulates and arranges results for print-out in the format required. The VDU, computer and floppy disc are available on a time-shared basis for calculations, on line analysis and general work using BASIC language.

Dartec Engineering, Mill Race Lane, Stourbridge, West Midlands DY8 1HU.

● DATA LINKS

Toughened teleprinter

BASED UPON designs for its battlefield portable teleprinter, Racal-Datacom is offering a commercial version which will allow businesses, utilities and the emergency/security services to send and receive hard copy between field and home base or headquarters over public switched telephone networks.

Usable in and between most countries, the equipment is housed in an executive briefcase and weighs eight pounds. Designed and made to military specifications it can tolerate hard knocks and vibration, temperature extremes and maltreatment of its electrosensitive printer paper. Connection to phone lines is via acoustic coupler or direct to the line via a jack.

To send a message, the user dials the number required and when voice contact has been established clips the handset into the coupler, any handset size variation being automatically accommodated.

He then has the choice of sending a message direct simply by typing it on the keyboard or of typing it into a 1,000 character CMOS memory from which it can then be read back and edited to a final and error-free form. Depression of a button takes the message from the store and sends it down the line. Store life is ten days.

While typing, the characters appear both on the two inch strip printer and on an LED single character display above the keys, allowing easy verification of what has been typed. The character display also allows the user to locate words easily for editing purposes. When a character is simply deleted, the remainder of the word automatically closes up.

The equipment can work in full duplex mode (that is, it can receive while it is transmitting) over phone lines or in simplex over a radio link. It can operate from mains or rechargeable batteries, the latter having an eight hour life before recharge.

The modem employs dual frequency shift keying similar to that of telex services, at speeds up to 60 characters/sec.

Sealed to military standards against the ingress of moisture and dust, the briefcase unit costs about £4,000 per end and is also available in military packages.

Racal says that "an oil company" is already showing interest and sales are expected wherever written instructions have to be communicated using reliable, rugged equipment.

More from Tollgate Road, Salisbury, Wiltshire, SP1 2JG (0722 23911).

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

COMPANY NOTICES

BARLOW RAND LIMITED

(Incorporated in the Republic of South Africa)

DECLARATION OF PREFERRED ORDINARY DIVIDEND No. 1

NOTICE IS HEREBY GIVEN that preferred ordinary dividend No. 1 of 18 cents per preferred ordinary share has been declared, payable in the currency of the Republic of South Africa, to holders of preferred ordinary shares registered as such at the close of business on 6 October 1978. Dividend warrants will be posted to those holders entitled thereto on or about 6 December 1978.

For the purpose of determining those holders to whom the dividend will be paid, the transfer books and registers of members of preferred ordinary shares in South Africa and the United Kingdom will be closed from 7 to 13 October 1978, both days inclusive.

The rate of exchange at which the dividend will be converted into United Kingdom currency for the payment from the office of the United Kingdom Registrar will be the telegraphic transfer rate of exchange between South Africa and the United Kingdom ruling on the first business day after 17 November 1978.

In terms of the South African Income Tax Act 1962, as amended, a non-resident shareholders' tax has been imposed on dividends payable to:
a) Persons other than companies, not ordinarily resident or carrying on business in South Africa, and
b) Companies which are not South African companies.

The company will accordingly deduct the tax, at an effective rate of 13.49775 per cent, from dividends payable to shareholders whose addresses in the registers are outside the Republic of South Africa.

By order of the Board
W. C. WARRINER
Group Secretary
22 September 1978

Registered Office:
Barlow Park, Katherine Street,
Sandton 2196, South Africa.
(P.O. Box 78-2248, Sandton 2146, South Africa).

Transfer Secretaries:
Rand Registrars Limited,
2nd Floor, Devonshire House,
49 Jorissen Street,
Braamfontein 2001, South Africa
(P.O. Box 31719, Braamfontein 2017, South Africa).

United Kingdom Registrar:
Lloyds Bank Limited,
Registrar's Department, The Causeway,
Goring-by-Sea, Worthing,
Sussex, BN12 6DA, England.

SOCIETE CIVILE DES PROPRIETAIRES D'OBLIGATIONS

A TAUX D'INTERET VARIABLE FEVRIER 1978-1984
DE US$1,000 de la
BANQUE NATIONALE DE PARIS
(hereafter referred to as "Société Civile")
Siège Social: 16, boulevard des Italiens, 75009 PARIS

CONVENING NOTICE
(Second convening)

The general meeting of holders of the US$1,000 floating rates notes, due 1984 representing the US $ 75 million loan which was issued outside France by the BANQUE NATIONALE DE PARIS, convened in accordance with the articles of association and article 314 of the law no 66.537 dated July 24, 1966, on September 20, 1978 having been unable to deal with the agenda, as the necessary quorum was not present, is convened again for October 16, 1978 at 3 p.m. in PARIS (75018) 8, Rue de Sofia, in order to deal with the same agenda:

1. Confirmation of the appointment of the first two Directors of the "Société Civile".
2. Designation of the place where the attendance register, the minutes of the meeting and its appendices are to be deposited.

In order to attend or to be represented at the meeting, bondholders must, at least five days before the date fixed for the meeting, deposit their bonds with the banks and other establishments which took part in the placing of the issue: these establishments will provide them with proxy forms in French.

Board of Directors
BANQUE NATIONALE DE PARIS

SOCIETE CIVILE DES PROPRIETAIRES D'OBLIGATIONS

7½% 1977-1982 de US$1,000 de la
BANQUE NATIONALE DE PARIS
(hereafter referred to as "Société Civile")
Siège Social: 16, boulevard des Italiens, 75009 PARIS

CONVENING NOTICE
(Second convening)

The general meeting of holders of the US $ 1,000 7½ % notes due 1982, representing the US $ 50 million loan which was issued outside France by the BANQUE NATIONALE DE PARIS, convened in accordance with the articles of association and article 314 of the law no 66.537 dated July 24, 1966, on September 20, 1978 having been unable to deal with the agenda, as the necessary quorum was not present, is convened again for October 16, 1978, at 2.30 p.m. in PARIS (75018) 8, rue de Sofia, in order to deal with the same agenda:

1. Confirmation of the appointment of the first two Directors of the "Société Civile".
2. Designation of the place where the attendance register, the minutes of the meeting and its appendices are to be deposited.

In order to attend or to be represented at the meeting, bondholders must, at least five days before the date fixed for the meeting, deposit their bonds with the banks and other establishments which took part in the placing of the issue; these establishments will provide them with proxy forms in French.

Board of Directors
BANQUE NATIONALE DE PARIS

SOCIETE CIVILE DES PROPRIETAIRES D'OBLIGATIONS

A TAUX D'INTERET VARIABLE JANVIER 1977-1983
DE US$1,000 de la
BANQUE NATIONALE DE PARIS
(hereafter referred to as "Société Civile")
Siège Social: 16, boulevard des Italiens, 75009 PARIS

CONVENING NOTICE
(Second convening)

The general meeting of holders of the US$1,000 floating rate notes, due 1983, representing the US $ 70 million loan which was issued outside France by the BANQUE NATIONALE DE PARIS, convened in accordance with the articles of association and article 314 of the law no 66.537 dated July 24, 1966, on September 20, 1978 having been unable to deal with the agenda, as the necessary quorum was not present, is convened again for October 16, 1978 at 2 p.m. in PARIS (75018), 8, Rue de Sofia, in order to deal with the same agenda:

1. Confirmation of the appointment of the first two Directors of the "Société Civile".
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Board of Directors
BANQUE NATIONALE DE PARIS

RHYTHM WATCH CO. LTD.
(Rhythm Tokei Kogyo Kabushiki Kaisha)

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS ("EDR") EVIDENCING SHARES OF COMMON STOCK OF THE ABOVE-NAMED COMPANY ("SHARES")

NOTICE IS HEREBY GIVEN to EDR-holders that it is the intention of the management of Rhythm Watch Co. Ltd. (the "Company") to pay, towards the end of November 1978, an interim cash dividend of ¥4.50 per Share (including a special dividend of ¥0.75 per Share) in respect of the year ending 31st March 1979 to Shareholders on the register at the close of business on 30th September 1978. [illegible]

KLEINWORT, BENSON LIMITED
Depositary.
22nd September 1978.

5¼% TREASURY LOAN 2008/12
BONDS TO BEARER
[illegible]

CONTRACTS AND TENDERS

NOTICE

By this means it is hereby announced to all interested parties that the date of submittal of prequalification documents for public bid 535-79, Civil Works I (Dam, Spillway and Diversion Works), corresponding to Fortuna Project Development has been postponed from September 30, 1978 till October 30, 1978.

PERSONAL

KENSINGTON, W.8. Small room to let in large family flat week days. Bed & breakfast. Write Box A.6484, Financial Times, 10, Cannon Street, EC4P 4BY.

CLUBS

EVE, 189, Regent Street, 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69, Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW "THE GREAT BRITISH STRIP" Show at Midnight and 1 a.m. Mon.-Fri. Closed Saturdays. 01-437 6455.

ART GALLERIES

J.P.L. FINE ARTS, 24, Davies Street, W.1. 01-493 2630. JULIAN COOPER recent watercolours. Sept. 12-Oct. 6. Mon.-Fri. 10-6.

COURSES

IN-COMPANY TV—A few places available on 3-day October course, "Getting the best from closed circuit Television." £215. A.V. CONSULTANTS LTD. (TONBRIDGE) 0732 355107.

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Financial Times,
10, Cannon Street, EC4P 4BY

Building and Civil Engineering

Trafalgar oilfield jobs

GEOPROSCO INTERNATIONAL (Trafalgar House Group) has been awarded a contract worth between $7m and $8m by the Abu Dhabi Petroleum Company. The work, which will take upwards of three years, comprises the servicing of wells in the Secondary Recovery Water Injection Scheme for the Asab, Bab and Bu Hasa fields.

The operations will be carried out by Geoprosco Rigs 39 and 40. Party personnel will be housed and catered for in two completely self-contained mobile skid-mounted air-conditioned camps.

Geoprosco International is already carrying out major contracts for oil well drilling and servicing for the Abu Dhabi Petroleum Company.

Barnado's partnership homes

…ER MALCOLM, Wembley-based housebuilders, and Dr. Barnardo's, have signed a contract worth approximately £6m, to build 204 homes in an associated venture on a Barnardo's site at …or Road, Woodford Bridge, …x.

The development covers three- and four-bedroomed houses, two- and three-bedroomed flats and …bedroomed bungalows. All will be built for sale to the public. Work on the three-year programme is due to start early in 1979 and the first houses should be ready for sale by the middle of next year.

Major house development

…CKPORT-BASED Leech Homes (North West Ltd), newest division of William Leech (Builders) has been selected by Tameside Metropolitan Borough to carry out a £3m development of 144 private homes on a 17-acre site at Newmarket Road, Ashton-under-Lyne.

Leech Homes was chosen after winning a design competition for the project in the face of stiff competition. Companies taking part were asked to submit designs for one or more of four sites of the private development. Leech Homes submitted a design for all four.

The development takes place on land formerly used for agriculture. The project will form an almost complete circular "…ne" to a large local authority development of low-rise flats and houses.

Tameside Metropolitan Borough will provide the main infrastructure of main-road network and mains services.

Homes built by Leech will first be offered for sale to families on the Tameside waiting list for council homes. Those remaining …ld will be placed on the open market after a "reasonable period of time."

If all goes as it should, Leech Homes experts to make a start on the project early next spring.

Mix of jobs by Shepherd

FOUR DESIGN and build contracts together worth more than £2,100,000 have gone to Shepherd Building Service.

The first scheme is for Rowntree Mackintosh, and is a new conditioned finished goods store, which is to be built adjacent to the firm's factory complex at a cost of nearly £500,000.

For the same manufacturer, a £368,000 conditioned store is to be set up at Gloucester Road, Avonmouth. This is an extension to a distribution depot built by Shepherd eight years ago.

The third project, worth nearly £490,000, is for modifications and extensions to buildings at RAF Bentwaters in Essex for the USAFE.

Last in the series is a £542,000 office and laboratory extension to the existing premises for Vickers Medical Engineering at head office in Basingstoke. The project is being managed by Fuller Peiser, who invited selected competitors to tender for the work.

Turner has won £3½m

OVER THE past month, E. Turner and Sons of Cardiff, Swansea and Southampton has secured contracts totalling approximately £3½m.

Largest is a furniture factory for Millbrook Furnishings at Totton to cost £1.1m.

Three jobs are valued at £1m each. They include an expansion in Unigate production plant at Hemyock, North Devon; a distribution warehouse in Chichester for Carwale Properties and warehousing for West Park (Porthcawl) in South Wales.

This is the first in a programme of similar warehouses planned by the latter client.

Two contracts at £400,000 each cover an administration building and workshops for the Milford Haven Conservancy Board and an extension to Barclays Bank, Barry.

Expansion in silicon province

GENSTAR, AN affiliate of Ste. Generale de Belgique, is continuing its expansion in North America. It hs an option on 2,400 acres of land in the State of Washington on the West Coast. The plan is to set up a certain number of manufacturing zones, mainly for the electronics industry.

At the same time, the company is planning a vast expansion in single-family homes to meet the fast growth in local demand coupled with the move into this area of expanding industry.

Already, local builders have been awarded preparatory work contracts for some 670 units. Genstar has opened a regional office to cope with the work.

Australian hospital

A £1M contract to build an extension to a private hospital at Townsville, North Queensland Australia, has been awarded to Brisbane-based Barclay Brothers pty., a John Mowlem and Co. Associate. Called the Mater Mospital it is owned and run by the Congregation of the Sisters of Mercy.

The work, which has just started, includes the demolition of the existing Convent and the construction of a two-storey block. Completion is due in late spring 1979.

Keeps it cool in computer rooms

THOSE WHO work in computer rooms know that the computer itself creates heat. Additional sources, such as solar radiation, electric light bulbs, even body heat from operators, necessitate competent air conditioning. If accumulated heat is not removed and replaced by fresh and clean air, the working efficiency of the computer may be impaired, not to mention the quality of input from personnel.

Designed to cover the spectrum of environmental situations arising from the operation of present-day computers, is equipment known as the Compac range, from Wright Air Conditioning, Sampson Road North, Camp Hill, Birmingham, B11 1BL.

These floor units can be installed within computer rooms rather than, as hitherto in the case of large units, in separate plant rooms which can cause serious problems of space, duct accommodation, etc. The floor units develop between 60,000 and 300,000 BTU/hour in terms of cooling air.

Built into the system are medium grade filters, cooling coil, control panels, operational lights and switches, heater elements, isolator, fan motor and drive, anti-vibration mounting, manometer, insulation, compressors and humidifier, etc.

Meeting the requirement for low noise levels—particularly when working alongside the new, quiet computers—a high efficiency centrifugal fan is included.

Sorts sand from gravel

EQUIPMENT of importance to the extractive industry has been developed by Amey Roadstone Corporation's eastern region, and is now in operation.

This is a face desander, which separates sand from gravel "on the spot" in the pit, cutting the cost of production and of transportation.

In the past, all material raised from the ground has been processed by traditional methods, with excess quantities of unsaleable sand being returned as fill, or simply dumped.

Under the new process, a screen enables separation to be carried out at the face, the unwanted material being put back at once in the worked-out area. The unit is completely mobile, and can be moved forwards or backwards by means of a dragline.

Waste sand is put back evenly, which helps eventual restoration of the site by reducing the amount of levelling-out required.

These desanders have been developed by ARC Eastern because of unusually adverse conditions in the Peterborough area, with sand content as high as 80 per cent in some places, to 20 per cent of gravel.

Amey Roadstone, 15 Stanhope Gate, London W1Y 6AR. 01-499 3611.

Laing homes and offices

IN A series of contracts recently won, John Laing Construction has added about £4m to its order backlog.

Biggest of the series is a £2.3m contract from the Gredley Group, to build an office block with shops at Stratford, East London. Work is due to start this month with completion expected by March 1980.

The five-storey building will have three ground-floor shops with offices above, and a two-storey retail unit at the rear.

Construction will be of reinforced concrete pile caps and ground beam foundations with in situ concrete floors and roof. The reinforced concrete framed building will have brick cladding, anodised aluminium framed windows, and asphalt covered roof.

Architects are Fitzroy Robinson and Partners, of Cambridge; and consulting engineers (structural, mechanical and electrical) Marks Heeley and Brothwell, of Harlow, Essex.

Second biggest job (£800,000) is for homes in Milton Keynes under a contract from the Milton Keynes Development Corporation.

Laing will build 40 two-person and eight one-person flats in five two-storey blocks, and 29 two-person old people's flats with associated community rooms in a two-storey block, plus roads, drainage and landscaping on a site at Church Street.

For the Central Scotland Water Development Board a £477,000 contract calls for a 13,600 cubic metre (3m gallons) capacity raw water tank at Blairlinnans, near Loch Lomond.

Laing will start work this month with completion due in 18 months. The project involves excavating some 8,000 cubic metres of rock and constructing a reinforced concrete water tank measuring 55 metres by 54 metres by 6 metres high. Other work includes laying interconnecting pipelines and constructing access roads.

Meanwhile, the company has announced that the £2.6m extension to Guinness's Park Royal brewery, built by the London Region of John Laing Construction, is to be topped out on September 28.

Portsmouth's new Head Post Office, designed by architects Scott, Brownrigg and Turner and built by Costain Construction, will provide advanced facilities and accommodation well into the twenty-first century. This shot, just given PO sanction, shows the site close to Portsmouth and Southsea main line station. The building has a floor area of approximately 16,000 square metres contained within a six-storey office block and an adjoining extensive two-storey block, the first floor of which is an open-plan letter sorting office, with the postal operations vehicle and workshop areas on the ground floor. The necessity for the building to fill the very irregular site boundary required the design of a highly articulated building form.

IN BRIEF

● Completion on time of two contracts for the London Borough of Islington, has led to a third much larger one being awarded to Walter Lawrence and Son. Each has involved essential repairs at Central Estates, Canonbury. The first was worth £60,000 and the second £116,000. The new work is worth £258,000 for completion by the end of the year.

● Mahon and McPhillips (Water Treatment), has been awarded three contracts in the UK worth £100,000. The first two are for the supply of rotary bridge scrapers to Loughborough Water Reclamation Works and to Queensferry Sewage Treatment Works on behalf of the Welsh National Water Authority. The third is for a meat plant in the West Midlands and involves the supply of a floating aerator, horizontal brush aerator, sludge wheel and settling tank equipment.

● Tarmac Construction has won the £485,000 job of building roads and sewers for a big Turner estate at Moss Newk in East Kilbride. The firm is on site working on the ten-month job.

● Farmer Plant Engineering, member of the S. W. Farmer Group of structural engineering companies, has been awarded a contract valued at approximately £250,000 to fabricate the platework and structural steel for two vacuum charge heaters and associated ducting. These furnaces will form part of the structure of a new petrochemical plant to be situated at Dyfed near Pembroke in South Wales.

● On October 2 Lex Hotels will be opening the Gatwick Park Conference Centre which has ben purpose-built after consultation with conference organisers. The Centre consists of five conference/meeting rooms, a suite of organisers' offices and 21 study bedrooms on the floor above. There is a trained staff and modern conference aids such as a complete audio visual facility and closed-circuit TV are available.

● Acoustic panels using Rockwool manufactured mineral wool acoustic materials have been installed in two central London buildings in order to quiet the rumble of City traffic for those inside. The panels, employing Rockwool's RW7 foil-faced slabs formulated to provide a 30-decibel noise reduction, are a key element in acoustic insulations contracts carried out by the McGill Insulation Group, of Hadleigh, Essex, at the National Westminster Bank office tower, Bishopsgate, and the Barbican Arts Centre.

● Contracts worth £50,000 have been awarded to the Systems Division of the comfort control group of Landis and Gyr for the H.V. and A.C. controls for phases 1, 2 and 3 of a multi-storey office refurbishment undertaken by Bovis Construction for Machurst on behalf of the United Kingdom Provident Institution.

Swiss bid in walling

VOSSELER, Swiss company, has entered the UK market with precision-made demountable walling (partitioning) systems and laboratories as well as all associated components, fixtures and fittings.

All basic components are manufactured in their own factory near Basel.

The Vosseler/WIVO modular laboratory system was developed in co-operation with well-known chemical companies in Basel over a period of 20 years. Their system meets the sophisticated demands of the present day chemical and pharmaceutical industries and is based on 600/900/1200mm modules structured around the patented services distribution spine.

Vosseler partitioning systems have fire resistance of 30-90 minutes and sound reduction of 32-42dB capable of upgrading to 50dB.

Vosseler UK is at Cereal House, 58, Mark Lane, London EC3R 7NJ.

Injectable damp course

SOLVENT-SOLUBLE polysiloxane for injection into brickwork, clinker, lightweight concrete or plaster to form an effective damp proof course is offered by Th. Goldschmidt.

HL10 is supplied as a 60 per cent solids product which is normally diluted with white spirit to 5-6 per cent solids and is then ready for use.

This solution is ideal for terraces, etc. where the original damp course has become ineffective through age or damage, or where the building never had one.

The solution is unaffected by both acidic and low alkalinity building materials. The carrier solvent is a balanced mixture of aliphatic solvents which quickly evaporate after injection into the masonry leaving a dry and non-thermoplastic deposit of the polysiloxane.

Intial House, 150 Field End Road, Eastcote, Middx. 01-868 1331.

Gets down to basics

MARLEY TILE company has introduced a new specialist contract flooring service to answer placement market, which at present is greater than the market for floorings within new buildings.

Operating under the name of Wallflor Coverings and initially in London and the South East, the new service is staffed by personnel experienced in dealing with contracting dfficulties and sub-floor problems, and equipped to instal all types of flooring from various manufacturers.

The service can programme flooring work to be carried out in a busy establishment without disrupting normal day to day business.

Marley Tile Company, Riverhead, Sevenoaks, Kent.

Easy lines on roads

A PAIN in the back, sore knees, and damage to clothing have been the inevitable results to the operator involved in the laborious task of line painting on roads, parking spaces, traffic lanes, factory floors, etc.

Now the tedium of the chore, and the lengthy time expended, are to be banished with the use of an aerosol-on-wheels system from Rocol, Swillington, Leeds, LS26 8BS (0532 862261).

The 31 oz aerosol containing Berger line-marking paint is clipped to a two-wheel applicator and, when a trigger is pulled, it sprays between masking discs inside the wheels to produce an even line of constant width. There is a choice of yellow or white paint.

The system, called Easyline, can be used either to mark out an area in a warehouse or factory for storage bays and to demarcate dangerous machinery, or to retouch a preivously line marked surface. Depending on the quality of a road or floor surface hundreds of yards of line markings can be made within minutes rather than hours.

It suggests obvious time and money saving benefits to local authorities—for yellow lines for prohibited parking of vehicles, at school playgrounds and sports complexes, and also in the grounds of hospitals. In addition to its brightnes and durability, says the company, the end result is resistant to petrol, oils, greases and most chemicals.

Van is opened instantly

WHEN TWO pairs of double-hinged doors are opened, concertina-fashion, in the body of a side-access van about to go into service with Kodak, a 60 feet aperture immediately creates a loading space.

The body has been built by Lawrence David, Crowland, Peterborough (0733-210711), and is an addition to its range of side access bodies which includes the Max-Cess van built to give four-way access. Experience in perfecting the latter range, says the company, enabled it to simplify the design of the Kodak van and to tackle the problems of distortion and metal fatigue at high stress points.

The body features two pairs of double-hinged doors down each side; the pairs attached to the front of the body swing round to lay flat to the outside of the bulkhead and the pairs attached to the rear swing through 180 degrees to complete the total side access.

The doors have been designed so that each pair has a single locking lever sited centrally where they butt together. By pulling the lever outwards, the outer door folds flat to its partner, and then both swing open on a main hinge attached to the end of the body leaving a completely clear side aperture.

Note

Laing Scotland's contract reported on this page last week was for the Royal Bank of Scotland.

LOMBARD

Reporting on GB (ex-oil) Ltd.

BY ANTHONY HARRIS

IT USED TO be farmers. If the sun shone, they needed more rain. If it rained, the crops got wet. If they got a good crop in spite of everything, prices were too low. And if prices were right, there were forms and taxes. Well, it's an ill economic community that does no one any good, and farming moans seem less frequent now; but the potential vacuum has been filled, as it *always is*. Our new national moaners are closer to home—the City economists.

Since this column is never afraid to generalise from single examples, this discussion is based entirely on a text by Dr. Paul Nield, of Phillips and Drew. It would in fact be quite easy to reduce readers to despair with selective quotations from a number of other bearish brokers and bankers; but unlike most of them, Dr. Nield has something analytic to say. What he says is on the face of it an obvious truth: if you leave out oil, the performance of the British economy is not at all impressive —or to put it more strongly, as Dr. Nield does, "the performance of the ex-oil economy continues to deteriorate."

Interesting

Even this needs a little interpretation. Manufacturing production and investment are going up, not down, which is not on the face of it a deterioration. What Dr. Nield really means is the balance of payments.

If one were simply logic-chopping, one might ask if the ex-oil deficit is any more significant than the ex-motors deficit or the ex-food surplus, but in fact there clearly is something special about oil which makes the question interesting. Oil production will in due course top out; and somewhat later (and recent exploration suggests that it will be quite a bit later) it will decline.

One thing we are clearly not getting at the moment is a large balance of payments *surplus*, resulting in a large reduction in foreign debt; but this is only one possible way of using a windfall, and not necessarily the most sensible. What we are having at the moment is a higher exchange rate and a higher level of consumption than we could otherwise enjoy. The result is a better home market, but fiercer competitive pressures — not a bad recipe, you might think, for encouraging the efficient in the long haul.

However, as we have seen, this approach is *an alternative* to a better balance of payments. A policy of surplus would involve a lower level of demand at home and a lower exchange rate—a so-called "competitive rate" instead of competitive discipline. This would actually make life easier for inefficient firms, and one would expect performance in the long run to suffer; but if, like Dr. Nield, you take the balance of payments (and especially the ex-oil balance) as an index of performance you would draw exactly the opposite conclusion.

The problem is this. It is clearly interesting to ask what *is happening in the ex-oil* economy, since one day the British economy will go ex-oil; but it is very difficult to define an answer. There are two traps. One is to think that there is a single industrial entity apart from the North Sea — perhaps incorporated, in the imagination of people like Dr. Nield, as Great Britain (Ex-oil) Ltd. The other is to forget that the economy, *including oil*, is a single financial entity. Dr. Nield seems to me to fall into both traps.

As far as the industrial economy is concerned, it is the usual mixture of good and bad companies. The good ones somehow got us to the top of the GATT export league tables in 1977 (a deteriorating performance?). The bad ones seem unable to share in a home market boom. If the good grow and the bad close plants, the average is likely to improve slowly. An interesting question is whether we can get a really worthwhile improvement before the oil runs out.

Without pains

One way not to answer that question is to look at the ex-oil balance of payments at the moment, because the balance of payments is not ex-oil. Oil does impact on the exchange rate; and if we already had a highly efficient industrial sector, as Holland had when gas was found, I would be worrying about the Dutch Disease, and signing up with Mr. Bryan Gould's lobby in favour of a competitive exchange rate.

However, our average is so deplorably low that the exchange rate still poses no insoluble problems for any company which can get within, say, 20 per cent of European performance standards. Dr. Nield talks of the deflation we would have to suffer but for oil. He does not seem to notice that if you think of the ex-oil economy as an entity, it is already deflated—by a high exchange rate. Oil is enabling us to suffer the disciplines of deflation without its pains. The ex-oil economy is therefore flat; but if you remember that it is not one company, you will notice something stirring down there.

(Coming soon: the improving performance of the ex-steel economy.)

THE EUROPEAN COURT

Judge made law in a vacuum

BY A. H. HERMANN, Legal Correspondent

"THERE is no crime unless the law says so" is an axiom supporting the entire structure of criminal law. To deny it would be tantamount to giving up the rule of law in favour of the dictator's freedom to punish anyone who displeased him for acts which, at the time are not prohibited—and possibly may remain permissible for those whom the dictator will decide to treat more favourably. Of all the countries in the European Community, Germany had the most recent and most terrible experience of the results to which this can lead. It is therefore hardly surprising that Herr G. Reischl, one of the European Court's Advocates General, should be very alert to the danger that the EEC Commission might be slipping—albeit in a less gruesome way—down this path of lawlessness.

Discounts

Herr Reischl was provided with an opportunity to express his view on this subject when presenting, last week, his Opinion in Case 85/76 the appeal by Hoffmann-La Roche against the vitamin decision of the Commission. The Advocate General agreed with the Commission that Roche had a dominant position on the European vitamin market (with the exception of vitamin B.) but proposed that the fine of some £250,000 imposed by the Commission should be lifted because the loyalty discounts for which the fine was imposed were not declared illegal before Roche agreed them with its customers. He accepted the argument of Roche that the decision of the Commission created "new law" and that previous decisions did not enable Roche to foresee that the loyalty contracts would be viewed as an infringement of EEC rules of competition. The Commission itself, when announcing the decision referred only to the *Sugar Ring* judgment of the European Court handed down on December 16, 1975, when Roche already had amended or given up the contracts to which the Commission objected.

The conclusion of the Advocate General is also supported by the rule (of Regulation 17/62) that fines can be imposed only for infringements committed "intentionally or negligently." Even if this safeguard is taken into account the position of a large company *operating in the Common* Market remains full of uncertainty. The Treaties constituting the Community contain numerous rules and use a great many legal concepts which are not precisely defined. This vagueness, as Herr Hans Kutcher, now the President of the European Court, wrote in 1976, was intended to ensure a certain freedom of action for the institutions of the Community. It may be that this is the only technique suitable for drafting treaties designed to last for a long time and to be adaptable to changing circumstances. But in such cases it is necessary at least to provide a temporary environment of certainty for business by giv*ing decisions made under* the Treaty the force of a precedent. This the Commission explicitly refuses to do and the Court tacitly.

The filling in of general rules by more specific ones when adopting economic measures or deciding particular cases is a process which no administration or court can avoid. However, the Court claims the right to go further. Relying on the laconical Article 164 of the EEC Treaty, which says merely that "The Court of Justice shall ensure that the law is observed in the interpretation and implementation of this Treaty," the Court claims the right to "fill in lacunae and to develop the law" *by enforcing as law also those* texts of the Treaties which are only a declaration of aims.

By adopting the doctrine of "implied powers" the Court tends to vindicate for the Commission and the Council for example exclusive powers to conclude on behalf of the Communities international pacts concerning matters subject to "common policy." Are there no limits of such implied powers? The Court has certainly not defined them and there exists the danger that by combining the doctrine of implied powers with the Court's habit of giving precedence to the widely defined aims of the Treaty before its more narrowly drafted specific provisions, the Commission and the Council could consider themselves authorised to do *anything* necessary for the attainment of Treaty aims.

The theory that the Court is called to fill by its decisions gaps in the law is even more questionable. The weakness of this theory is, of course, that such gaps do not exist in the law but merely in the eye of the beholder. If the EEC Treaty does not provide for the enforcement of international pacts by private persons we must assume that the Treaty makers did not want it. It is a gap only from the point of view of those who want the Treaty to be different.

These uncertainties of interpretation and development of Community law would alone suffice to explain the anguished letter of a British legal practitioner which appeared recently in the correspondence columns of the Financial Times. But the impossibility of providing clients concluding quite commonplace business agreements in the Common Market with any positive assurance that they are not falling foul of EEC law and are not liable to fines, of which this lawyer bitterly complained, is further aggravated by uncertainties of jurisdiction.

Harmony

The supremacy of EEC law over earlier national law is well established. But should Parliament enact a statute contradicting a provision of Community law, would English and Scottish judges be prepared to treat the respective part of the Act as null and void, as the European Court demands? Or would they rather agree with the Italian Constitutional Court which decided that harmony must be restituted by its own decision, and prefer to wait for the Lords to decide such a matter? And on a somewhat less august level, can British authorities stop a merger or a restrictive agreement which the Commission has approved by granting it an exemption under Article 85/3 of the EEC Treaty? The Commission now brings *de facto* mergers under this provision by treating them as joint ventures.

SOCCER BY TREVOR BAILEY

Brady may find richer fields to conquer

THE MEETING between Arsenal and Manchester United, which attracted to Highbury some 45,000 spectators and a small army of police, produced probably the fairest result in the 1—1 draw.

The match, especially the first half, contained much to admire. Both teams were well drilled, very competent, and included more high-quality players than are normally to be found in middle-of-the-table clubs, but one gains the impression that the spark dividing the efficient from the outstanding is missing, or at least was on this occasion.

United are neither as exciting nor as effective as they were three years ago, when they bubbled like champagne and brought a new dimension to the First Division by re-introducing two genuine wingers, who were used in conjunction with twin strikers and a couple of skilful attacking wing-halves.

They attacked on a broad front, in the numbers and with the frequency that unset the rhythm of opposing teams.

Worrying

Since those exciting days United have spent heavily, reverted to the standard 4-3-3 formation, and acquired more discipline but along the line they seem to have lost some of their magic.

Could it be that they are spending too much time worrying about what the other side will do, whereas in the past they played it off the cuff, never stopped running, and left the worrying to the opposition?

Manchester still have style, and can boast of surely the best-balanced pair of centre backs in the division, McQueen and Buchan, since McFarland and Todd. The tall, gangly McQueen, masterly in the air and a dangerous poacher of goals from dead-ball situations, is ideally complemented by the neat, compact Buchan with his exceptionally well developed positional sense.

The darting, imaginative Macari, the cultured yet straight forward Brian Greenhoff, and McIlroy of the left foot and dribbling skill form an intriguing midfield trio who might become something special. Certainly Brian looks more at home at half-back than as a full back.

Perhaps, the club's biggest problem is Jordan, whom United bought last January for £350,000 and for whom, on Saturday's performance, they would be lucky to obtain £150,000.

He might be described as an old-fashioned battering ram centre-forward, big, fast and brave, of the sort whose job was putting the ball into the back of the net and not infrequently putting the goalkeeper there as well.

Costly error

Jordan does not yet appear to fit into the Manchester pattern, so that he is not scoring as frequently as had been expected. That was also the case at Leeds. It could be that he does not spend enough time in goal-scoring areas.

If he centres the ball from the right wing he can hardly be expected to head it home.

Although Roche brought off several fine saves for United while Jennings, at the other end, *made one error which cost a* goal, he did not inspire the same confidence as his Arsenal opposite number. It makes one wonder why United did not buy Shilton.

Last season Arsenal promised to develop into a far more cultured team than the one that achieved the double, but their defeat in the FA Cup Final, when they froze, showed naivety and lack of experience.

Despite a most impressive start to their European campaign, and the number of youngsters in the team, there was a suspicion on Saturday that they have not made the expected advance. Although O'Leary impressed, their rearguard creaked ominously and too many long passes were intercepted.

The tantalising Brady, with a control and a left foot which are close to perfection, was below his best, yet still they showed why many rate him the finest wing-half in the land.

Eventually Arsenal are likely to have difficulty in retaining his services unless there is a fundamental change in tax laws. Brady, like so many highly paid sportsmen, has realised that what matters is not the money you earn but the money you keep. He would be able to keep far more in the U.S., or on the Continent.

Whether the extra money retained would compensate for the disadvantages is less certain, particularly in the case of the unsophisticated Brady.

Two players who do seem to have improved considerably since last season are the beautifully balanced Rix and the exhilarating Price. In his ability to float past defenders and his dexterity with the left foot Rix resembles a frail copy of Brady, but his distribution is not yet as polished.

Teutonic

He began on the left wing but took over Brady's mid-field role for much of the second half when the Irishman moved forward in an unsuccessful search for that winning goal.

It is easy to see Price, with his direct, positive approach, his eye for a goal and his blond hair as a typical Teutonic mid-field player who provides an answer to the modern defensive system. From his position, as right-hand member of a mid-field trio Price is always seeking the opportunity to storm forward at top speed and shoot.

He has worked out a splendid one-two with Sunderland and, if I were manager of an opposing club Price is the man I would worry about.

Stapleton and Sunderland are the responsibility of the centre backs and the full back should be looking after Rix, but Price pops up unnoticed from behind to score. He did this against Manchester and is likely to keep scoring throughout the winter.

RACING BY DOMINIC WIGAN

Eddery appeal could free him for Arc de Triomphe ride

UNTIL Pat Eddery's appeal against a seven-day ban for "careless riding" at Yarmouth is heard tomorrow by three stewards of the Jockey Club, the champion jockey will have little idea of his movements as from next Friday.

As things stand the outlook looks bleak for the Irishman and his Seven Barrows stable. Mounts which could be forfeited include several for Peter Walwyn such as Camden Town in Ascot's Queen Elizabeth II Stakes on Saturday and likely looking prospects in both the Arc de Triomphe and Middle Park Stakes.

Paddy Prendergast reserved Eddery for Exdirectory at Longchamp some time ago and it was confirmed after the Gimcrack by winning trainer Neville Callaghan that Stanford, superbly ridden by Eddery on the Knavesmire, would again have the champion aboard at Newmarket.

I think the loss of the ride on Camden Town would disappoint Eddery most. No other jockey has won on the good-looking son of Derring-Do. It was Eddery who, after Camden Town had disappointed in the Hungerford and the 2000 Guineas with other pilots, decided that waiting tactics would suit him.

He waited with deadly efficiency in Royal Ascot's Jersey Stakes bringing Camden Town with a perfectly timed late flourish to deprive Francois Boutin's Cosmopolitan of a prize that seemed his only 100 yards from home.

Walwyn has Greville Starkey—unsuccessful on Camden Town in the Hungerford—lined up as deputy for the Queen Elizabeth Stakes. Doubtless there is no one, with the possible exception of Lester Piggott (already engaged for Stradavinsky), he would rather have on standby.

If, as a number of on-the-spot racegoers expect, the stewards decide to reduce Eddery's suspension to three or four days, they will be faced with the difficult choice of which days to delete.

Should they feel able to quash the first three days of the seven-day suspension we will see Eddery on Camden Town and Exdirectory but not in action on the first two days of Newmarket.

HAMILTON

3.15—Purple Mask
3.45—Sex Master**
4.15—Salutiferous
5.15—Calarette***

BATH

2.00—Patronellie
3.00—Silver Horseshoe
3.30—Leopard's Rock
4.00—Ravelston*

TENNIS BY JOHN BARRETT

No, thank you, we don't want a standardised surface

ONE OF the more interesting topics to emerge from discussion of U.S. Tennis Association's magnificent but ill-sited $10m stadium at Flushing Meadow was that of a universal court surface. Following the second change in four years the arguments raged fiercely about the fairness and suitability of another fast playing surface.

The 27 outdoor courts at the Meadow (surely we can all dispence with Flushing) are all finished in a green, rubber-filled acrylic surface called Decoturf II. It plays faster than clay but slower than grass, with a fast, high bounce that favours the hitters.

Predictably the serve-volley men such as Tanner and Gerulaitis liked it while the ralliers, such as Vilas and Orantes, who had revelled in three glorious years of clay at Forest Hills where the uneven grass had been removed following the 1974 championships, could not find a good word to say for Decoturf.

Somewhat confusingly to Europeans, the Americans refer to these solid, non-attention surfaces which include the cement courts in California, as hard courts. The various types of loose-top courts, which need dragging, watering and rolling are known generically as clay.

Historically, of course, the game belongs to grass, a surface which survives at championship level only in Britain, Australia and, to many people's surprise, in India. The turf at Calcutta's South Club remains excellent—a fact due more to the plentiful supply of cheap labour than to reasons of climate.

Here is the clue to the gradual disappearance of grass as a widely used surface for tennis. The cost of maintaining them and the difficulty of securing experienced ground staff mean that only wealthy clubs or individuals can afford such luxuries.

As early as 1909 a Derbyshire bricklayer named Brown, wanting to extend the playing season for tennis beyond the summer months, built a court of crushed, burnt clay to launch a trend that quickly swept throughout Europe and, eventually, to the rest of the world. Unquestionably clay is today the most widely used surface.

But these porous courts, too, need constant daily maintenance, so that even before the war a new type of non-attention surface appeared in various forms. Although the bitumen-based courts were not considered the equal of clay by the better players, there were no feelings of inferiority about the speedy cement courts of California which produced so many world champions, such as Donald Budge—the first man to win the Grand Slam in 1938 by capturing consecutively the titles in Australia (grass), France (clay), Wimbledon (grass) and the United States (grass).

There has never been a rule of tennis defining the surface on which it should be played; so that from the beginning each area of the world produced its own local surface using indigenous materials each of which produced a different type of bounce. The ant-heap courts of South Africa, still widely used, are medium-paced and faster than the cow dung arenas of India (not to be recommended after a shower of rain).

In Manila the crushed shell courts produce one of the slowest playing surfaces I have ever experienced. There the lines are marked out in powdered chalk, dropped from a hand pushed marker, so that after a few games the lines have been partly obliterated by sliding feet.

Once the Italian Davis Cup player Fausto Gardini was playing the tiny local hero, Felicissimo Ampon when a call went against him as a ball landed in the area of a non-existent line. Gardini stormed to the far end, signalled to the linesman, and beat the ground with his racket to indicate where he thought the ball had landed.

When the linesman refused to alter his decision Gardini went for him with racket held high, so that the frightened official took off round the arena chased by Gardini—the pair of them pursued by a group of photographers seeking the photograph of the year—much to the embarrassment of the Italian Ambassador, who rose with as much dignity as he could muster and left. Gardini was later *suspended, but he was not the* last to be frustrated by chalk lines.

With the rapid expansion of the game during the past ten years and the spread of professional tennis to indoor arenas a variety of carpet surfaces has emerged, each with different properties of foothold and bounce.

As the game becomes more professional in all of its aspects—prize money distribution, computer rankings, and so on, it has become fashionable to suggest that utter professionalism demands a single type of playing surface. The argument runs that only by judging everybody each week on the same surface shall we know who really is the best player.

To me such a step would be disastrous to the enjoyment of both spectators and players. I can think of nothing more boring than watching the same few players emerging week in week out in the latter rounds of tournaments.

To me a great fascination of tennis lies in watching the players adapting their styles to the demands of each new surface. Although it is true that fast courts such as grass and cement favour the server and volleyer, and that slow clay suits the baseliner, the great players have all been able to adapt to any conditions.

Fortunately for the future of the game it seems extremely unlikely that the advocates of a universal surface will have their way for, if one thing is certain, it is that among them all they could never come to a decision about exactly what that surface should be.

TV/Radio

†Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.38 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Mr. Benn. 2.01 For Schools, Colleges. 3.15 Songs of Praise. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Hong Kong Phooey (Cartoon). 4.40 C. B. Bears. 5.00 John Craven's Newsround. 5.10 Blue Peter.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 Dad's Army.
7.20 Tycoon.
8.10 Panorama.
9.00 News.
9.25 The Monday Film: "The Girl Called Hatter Fox."
11.00 Tonight.
11.40 Weather/Regional News.

All Regions as BBC-1 except at the following times:

Wales—1.45-2.00 pm Pili Pala. 2.18-2.38 For Schools. 4.40-5.00 Pippi Hosanhir. 5.55-6.20 Wales Today. 6.45-7.20 Heddiw. 11.40 Weatherman. 11.41 Snooker: Welsh Cup Tournament. 11.51 News and Weather for Wales.

Scotland—10.00-10.20 am For Schools. 5.55-6.20 pm Reporting Scotland. 11.40 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 News and Weather for Northern Ireland.

England—3.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.15 pm Let's Go.
4.55 Open University.
7.00 News on 2 Headlines with sub-titles.
7.05 World Chess Championship.
7.30 News on 2.
7.40 Expert Opinion.
8.10 Des O'Connor Tonight.
9.00 Premiere 2.
9.30 Discoveries.
10.20 Word For Word.
10.50 The Price of Freedom.
11.05 Late News on 2.
11.20 Open Door.
11.50 Closedown (Reading).

LONDON

9.30 am Schools Programmes. 12.00 Paperplay. 12.10 pm Hickory House. 12.30 At The Embankment. 1.00 News plus FT index. 1.20 Thames News. 1.30 About Britain. 2.00 After Noon. 2.25 Monday Matinee: "Before Winter Comes" starring David Niven. 4.20 Clapper-Board. 4.45 Enid Blyton's Famous Five. 5.15 Gambit.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Cooper—Just Like That.
7.30 Coronation Street.
8.00 Robin's Nest.
8.30 This England.
9.00 The Sandbaggers.
10.00 News.
10.30 "The Best House in London" starring David Hemmings.
12.20 am Close: The landscape of Finland with music by Jean Sibelius.

All IBA Regions as London except at the following times:

ANGLIA

12.30 pm First Steps in First Aid. 1.25 Anglia News. 2.00 Houseparty. 2.25 Mystery Movie: Columbo. 5.15 University Challenge. 6.00 About Anglia. 10.30 The Brian Connell Interviews: Sue Ryder. 11.00 Feature Film: "Creature From The Black Lagoon." 12.30 am Reflection.

ATV

12.30 pm Healthy Eating. 1.20 ATV Newsdesk. 2.25 The Matinee Idols: "Never Say Goodbye," starring Rock Hudson. 5.15 In Search of . . . Butch Cassidy. 6.00 ATV Today. 10.30 Left, Right and Centre. 11.15 The New Avengers.

BORDER

12.30 pm Gardening Today. †1.20 Border News. 2.00 Houseparty. 2.25 Matinee: "A Walk in the Spring Rain," starring Anthony Quinn and Ingrid Bergman. 5.15 University Challenge. 6.00 Lookaround Monday. 6.20 Cartoon Time. 10.30 Pro-Celebrity Snooker. 11.15 Danger in Paradise. 12.10 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 The Mystery Movie: "McCoy — New Dollar Day." 5.15 University Challenge. 6.00 Channel News. 6.10 The Beachcombers. 10.28 Channel Late News. 10.32 The Horror Film: "The Curse of Frankenstein." 11.55 News and Weather in French, followed by Channel Gazette.

GRAMPIAN

9.25 am First Thing. 12.30 pm Old House, New Home. 1.20 Grampian News Headlines. 2.25 Monday Matinee: "Countdown," starring James Caan. 5.15 University Challenge. 6.00 Grampian Today. 6.05 Laverne and Shirley. 10.30 Reflections. 10.35 The Monday Film: "Castle Keep," starring Burt Lancaster. 12.25 am Grampian Late Night Headlines.

GRANADA

12.30 pm Farmhouse Kitchen. 1.20 Dodo. †2.25 Monday Matinee: "Drop Dead Darling," starring Tony Curtis. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Father Dear Father. 10.30 Mystery Movie Premiere: McCloud.

HTV

12.30 pm Farmhouse Kitchen. 1.20 Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 2.25 The Monday Matinee: "The Purple Plain," starring Gregory Peck. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Report West. 6.22 Report Wales. 10.45 The Monday Film: "Carnival of Thieves," starring Stephen Boyd.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 2.00-2.25 Hamdden. 6.00-6.22 Y Dydd. 8.30-9.00 Yr Wythnos.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.22-7.00 Report West.

SCOTTISH

12.30 pm Farmhouse Kitchen. 1.25 News and Road Report. 2.25 Monday Film Matinee: "Boy Did I Get the Wrong Number," starring Bob Hope, Elke Sommer and Phyllis Diller. 5.15 Batiluk. 5.20 Crossroads. 6.00 Scotland Today. 6.25 Crimedesk. 6.30 Father Dear Father. 10.30 Late Call. 10.35 The Detectives—McCloud.

SOUTHERN

12.30 pm Farm Progress. 1.20 Southern News. 2.00 Houseparty. 2.25 Monday Matinee: "Lydia," starring Merle Oberon and Joseph Cotten. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 10.30 Afloat. 11.00 Southern News Extra. 11.10 Daily Mirror Golden Jubilee Speedway. 11.55 Police Surgeon.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 12.30 pm In Search of . . . 1.20 North East News and Lookaround. 2.25 Family. 3.20 Generation Scene. 3.35 Cartoon. 3.50 Lassie. 5.15 University Challenge. 6.00 Northern Life. 6.30 Police Call. 10.30 The Monday Film: "Tony Rome." 12.30 am Epilogue.

ULSTER

12.30 pm Farmhouse Kitchen. 1.20 Lunchtime. 2.00 See You Monday. †2.30 Monday Matinee: "A Tale of Two Cities," starring Dirk Bogarde. 4.18 Ulster News Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Reports. 6.35 Laverne and Shirley. *10.30 Monday Night. 10.40 Photography* in Focus. 11.10 In Search of . . . 11.35 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 12.30 Farmhouse Kitchen. 1.20 Westward News Headlines. 2.25 The Mystery Movie: McCoy. 5.15 University Challenge. 6.00 Westward Diary and Sports Desk. 10.28 Westward Late News. 10.30 Encounter—Ray Mawby. 11.00 The Horror Film: "The Curse of Frankenstein," starring Peter Cushing and Christopher Lee. 12.25 am Faith for Life.

YORKSHIRE

12.30 pm Farming Outlook. 1.20 Calendar News. 2.25 Family. 3.20 Heart to Heart. 3.50 Andy. 5.15 University Challenge. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 Pro-Celebrity Snooker. 11.15 Barnaby Jones.

RADIO 1 247m

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett including 2.00 pm Peter Powell. 4.31 Kid Jensen. 7.30 Alan Dell (Joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 BBC Northern Radio Orchestra (S). 7.30 Alan Dell; 7.30 The Dance Band Days. 8.02 The Big Band Sound (S). 9.02 Humphrey Lyttelton with The Best of Jazz on records (S). 9.55 Sports Desk. 10.02 Pop Score. 10.30 Star Sound. 11.02 Brian Matthew introduces Round Midnight including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

†6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Schubert (S). 10.05 Berkeley, Ireland and Rawsthorne concert (S). 10.40 The Music of Latin America. 11.20 Roger Woodward piano recital (S). 12.15 pm Janet Baker and the English Chamber Orchestra concert part 1 (S). 1.00 News. 1.05 Concert, part 2 (S). 2.05 Organ Music at Gloucester Cathedral (S). 2.35 Matinee Musicale (S). 3.35 Leeds International Piano Competition 1978 (S). 4.35 New Records of music by Elgar, Arnold (S). 5.15 Bandstand (S). 5.35 Homeward Bound. †6.05 News. †6.10 Homeward Bound (continued). †6.30 Lifelines: Home and Family. 7.30 Scottish National Orchestra, part 1: Tchaikovsky, Zimmermann (S). 8.10 Cubism and Reality: Kant V Nietzsche (talk by John Nash). 8.30 SNO, part 2: Dvorak (S). 9.20 Plainsong and the Rise of European Music (S). 10.10 The Light was on Her Head (S). 11.15 Jazz in Britain: Bobby Wellins Quintet (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song.

Radio 3 VHF Only—6.00-7.00 am and 6.05-7.30 pm Open University.

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Week. 6.30 Today including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.45 Annabel, Penny, Puss by Robert Graves. 9.00 News. 9.05 Start the Week with Richard Baker. 10.00 News. 10.05 Wildlife. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 The Road to Sullom Voe—the biggest oil terminal in Europe. 11.50 Announcements. 12.00 News. 12.02 pm You and Yours. 12.27 Top of the Form. 12.55 Weather: programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity. 5.55 Weather: programme news. 6.00 News. 6.30 Dr. Finlay's Casebook. 7.00 News. 7.05 The Archers. 7.20 From Our Own Correspondent. 7.45 The Monday Play. 9.00 Welsh Voices. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Origins. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Breakthrough. 10.03 Late Night London. 12.00-Close As Radio 2.

London Broadcasting

261m and 97.3 VHF

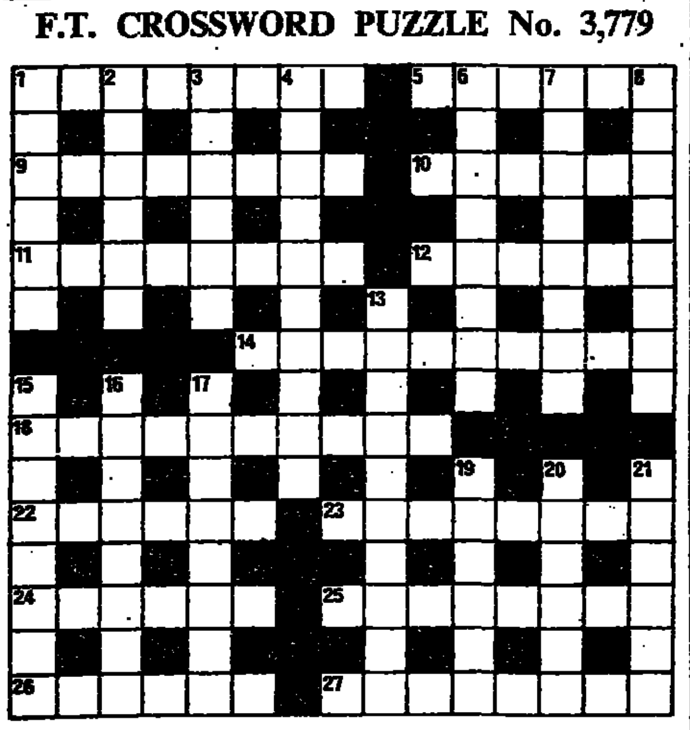
5.00 am Morning Music. 6.00 A.M.: non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'Clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

194m and 95.8 VHF

6.00 am Peter Young's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,779



ACROSS

1 Introduces net difference in Fleet Street (8)
5 Trees that get hot in Hants (6)
9 Let audit change deviation from standard (8)
10 The architect includes a note for Violet (6)
11 Shy egret changes the colours (3, 5)
12 There is little room to be defeated in court (6)
14 Where to go if you know of one (6, 4)
18 Saviours at work in the maternity ward (10)
22 Mean finish after starting with little intelligence (6)
23 Put into effect with your cart maybe (5, 3)
24 Although getting degrees he was a sceptic (6)
25 A sure thing on a tree (8)
26 A study it may hold back (6)
27 "Basks at the fire his hairy —" (Milton) (8)

DOWN

1 Sanctimonious groups bring you to port (6)
2 She is to be found among the greatest heroines (6)
3 Unimpaired in French dress (6)
4 Edward puts up with cuddly toys (5, 5)
6 What the deb hopes to do for a man of property (8)
7 Discharge oriental before task assigned (8)
8 Tax obligations for dogs (8)
13 Cause disturbance of the peace thanks to South American city in the beginning (5, 1, 4)
15 A divine is perhaps cited for being a slave to habit (8)
16 Policeman has an apartment to measure (8)
17 Strange leavings for an evil influence (8)
19 Church includes sapper and honoured companion in nursery (6)
20 Ancient law-giver on a horse says good-bye (2, 4)
21 Thanks each way for a companion to join (6)

The solution of *last Saturday's prize puzzle will be published* with names of winners next Saturday.

...atre Upstairs

...migrants by B. A. YOUNG

...e Royal Court has returned ... obsession with Ireland, but ...his time with the current ...les, or even the troubles of ...er this century. Instead, ...rants takes us back to the ...e of 1845, and to the fate of ...housands of Irishmen and ...n who only escaped dying ...inger by working at star... rates in England.

...is a sad tale, and the Irish ... every right to their lasting ...d of the English if that is ... they want. But Peter ...dan's play does not throw ... new light on the subject. ... it does is to remind us in ...locumentary fashion that ... things once happened, that ... Irish peasantry were ...ously wronged by their ...sh landlords on one side of ... Irish Sea and by their ...sh employers on the other. ... made clear that there are ...lels in our own day, though ... never suggested that there ...e, or ever have been, some... to be said on both sides.

... Sheridan, who himself ... the part of the talking ...row that offers a com...ary on events, finds his hero ...oung Ronan Furey, who ...s his family's Galway ...e to become a fighter ...st the English and against ...rish who take advantage of ...sh injustice to better them...

When famine and disease become intolerable, he and his sister Maurya (Nora Connolly) and others come to England to work on the railway, where the Irish are a welcome source of cut-price labour to replace the children whose employment is becoming a scandal. Maurya dies of typhus, O'Brien, Ronan's former fellow fighter (Shane Connaughton) loses an arm, without compensation naturally, Michael Pat (Peter MacNeill), who was willing to take over a farm from an evicted family becomes a foreman, and he himself organises a union and campaigns for universal suffrage. In the end, both fighters die after bombing the first train to pass through the tunnel they have helped to build—one in the explosion, one at the end of a rope.

The play's appeal is purely political; the characters are only heraldic figures on a partisan banner, and the acting is simple and vigorous to match. Gerard Mannix Flynn plays Ronan as if in a game of cowboys and Indians. Two performances with a little extra depth come from Desmond Stokes as the contractor on the railway and Russel Waters as the English landlord, who in Act 2 becomes chairman of the railway—always kindly disposed, but quite unaware of the suffering he causes.

Warehouse

Shout Across The River

Of all the younger dramatists documenting Britain in a state of nervous and physical decline, Stephen Poliakoff is the most sensual. His characters wander through the accumulating morass with ears cocked, nostrils flared and eyes trained over the dispiriting evidence of fall-out in a consumer society.

Mrs. Forsythe, going quietly mad in a Croydon flat, is hoarding Green Shield stamps by the hundred; her daughter's teacher, Lawson (Nigel Terry), has retreated from the impossible demands of the unruly classroom to snuggle down among the stationery and steely ornaments on a scratch-proof desk: the last day of term is celebrated in a soulless discothèque swimming in beer and computer rock while impersonal voice-overs address an offstage procession of go-go dancers.

Such is the background for a rivetingly performed tale of parallel domestic disintegration. Young Christine Forsythe is on her way from school to corrective institution by way of a seven-day hunger strike and a simultaneous bid to work an aggressive salvation job on her withdrawn mother. Father has long since left, but a lock of his hair is preserved on the sideboard. "You probably still smell of him" asserts Christine, before ordering Mum to shed her "horrid" red dress and step into black. For much of the play, the two women, and Mike, the elder child are in symbolic mourning for their lives.

We are almost at the point where things finally crack apart, which does not deter Christine from threatening the flat and the inmates with a tube of full-strength glue. Mike is an apocalyptic jester, brimming with nightmarish predictions of flood and disaster swamping the capital. By 1995, he suggests, London will be a foul conglomeration of garbage and businesses, too expensive to penetrate. He has specific reason for thinking so: he giggles about "them" trying out grisly road safety posters to test the quality of public morale and resistance.

Within the family unit, all lines of tactile communication are virtually cut. Mike pulls away from his mother's desperate signals of affection, while she in turn continually freezes under the hostile glare of her daughter's contempt. The only alternative to resentful distance is to pin each other to the floor. In the small, dead hours of the morning, Mrs. Forsythe will stand over a catatonic Christine and suddenly notice the crook of her nose. Mike, lying in a hospital bed after being mugged, will comment on his sister's facial transformation. The young have lost a sense of innocence and wonder, are disconcertingly old.

Mugging and casual sex are the only means left of registering physical inter-dependence. Christine, according to a school report, is forever discovered splashed in semen. As a parting gesture, she offers herself to a classmate for £8: in the discotheque, Martin (Andrew Paul) has gathered the money, but he is sent packing by the ludicrous advances of Mrs. Forsythe, whom Christine has passed off on a bleak ice-cream terrace as her sister.

Bill Alexander, directing for the RSC completes his third outstanding production of the year by not only sustaining a performance level of exceptional quality even by the company's current standards, but also by creating the right sort of eerily concentrated echo around the entire action.

Lynn Farleigh is perfect as the Mother caught in the mysterious crossfire of her offspring's horrible expressions of indifference and self-contained swagger, while Gwyneth Strong and David Threlfall as the youngsters play with such frightening power and confidence that realism beats off any tremor of sheer fantasy.

MICHAEL COVENEY

Julian Glover and Gaye Brown — Leonard Burt

Orange Tree, Richmond

Tigers

Putting a tiger in your tank was a pervasive advertising slogan in the motor car world for some years and David Cregan has fantasised in his new play by presenting us with a small-time garage owner who offers sex at the pumps for anyone with a large enough tank to deserve it.

Michael Stander is the garage owner beset by economic problems: in Sam Walters' emphatic but curiously unfunny performance, he emerges as a cross between the Peter Sellers character in *I'm Alright Jack* and Alf Garnett at his most entrenched. Motorists who take eight gallons on the forecourt are led upstairs to Stander's mother's room by Sally, an eager sensualist for whom this is the job she has always dreamed about.

The action begins abruptly, with Sharman Macdonald stripping off to justify the "This is not suitable for children" caveat nestling coyly on the pub posters as if the venue were in the West End. And that is about the sum of dramatic surprise in the entire, over-long evening. This is Mr. Cregan's fourth play in three years for the Orange Tree and I think it is about time he called a halt to his hollow variations on moral and political clichés.

The best writing by far comes in the scene between an eight-gallon client (Peter Gordon) and his pregnant, vituperative wife (Barrie Shore). The rest is all repetitive jargon and hackneyed farce: there is even a wan echo of Peter Shaffer's *Black Comedy* when Miss Shore stumbles into Mum's bedroom to find everyone touching each other up after the lights have fused.

The garage mechanics try and take over the business as a workers' cooperative for different reasons, and the final moments misfire disastrously with the possibility of Stander poisoning his mother in order to retain his grip on the operation. As Mr. Cregan writes funny lines rather than believable characters, one's interest in what happens to either the garage or the old dragon, spiritedly played by Gwen Nelson, is necessarily minimal. The overall impact is of a bourgeois comedy without the bite, slickness or wit to earn its place in the appropriate market. Is this what happens to fringe theatres unsure of their function?

MICHAEL COVENEY

Covent Garden

Siegfried by RONALD CRICHTON

Jean Cox — Leonard Burt

The Friedrich-Svoboda *Siegfried* has moments of high theatrical and visual excitement. The hero's fight with the crab-clawed dragon, with Fafner in his death throes emerging out of the carapace in (more or less) human shape is one. Wotan's summoning of Erda, with the mountain-side rearing up to reveal the Earth-Mother embedded in World-Ash root-entrails, is another. A third is Siegfried's approach to the sleeping valkyrie on her rock, where music and stage picture combine in an impression of immense height, loneliness and crystal air. At least they did the first time we saw this *Siegfried*. In Friday's revival the lighting (Covent Garden is fatally drawn to dimness) no longer caught the frosty silveriness of the cyclorama which formerly almost disguised the fact that black simply doesn't convey the sun-drenched sky evoked by music and text.

There are as well long stretches, especially in Act 2, of low interest when one gazes for minutes that feel like hours at a screen of green plastic strips, not leaf-green but sedge-gren, proclaiming river-side not mountain-side. The fronds obscure entrances and exits (the first appearance of the Wanderer goes for little), though they are useful (to the producer, not to public) for doing unseen things that should be seen, like Siegried's disposal of Fafner's body. One feels the Woodbird should be a wild duck—perhaps that is why they so heavily boosted Yvonne Kenny's pretty voice—or could there be someone naive enough to believe that weak diction coarsely over-amplified will be thereby improved? Of course the contrast between enclosing reed-screen and open mountain-top is intentional, but the price to pay is heavy: not for the first time in this *Ring* Friedrich has tripped up over Wagner's time-scale.

Fortunately in this producer the intellectual is balanced by the brilliant man of the theatre who can perform wonders with the limbs of opera-singers. Even his perverse way of abolishing the picture-frame stage by drawing attention to it (which means an awful lot of action only half-visible from the stalls, no doubt compensating for other things hidden from the amphitheatre) pays off in the clownish encounter of the brother dwarfs, Alberich and Mime. Otherwise the stylised coon get-up for the Nibelungs is a liability not quite overcome by Paul Crook's Mime—able, well sung but not firmly enough articulated. The Siegfried of Jean Cox (only matched in this respect by the exemplary Fafner of Matti Salminen) gave his colleagues a lesson in clear, unforced diction. Cox's Siegfried is conventional (he even looks like old picture-postcards of the buxom hero) but soundly, likeably, sung.

Donald McIntyre's often striking Wotan-Danderer was up and down. There were some oddly pitched phrases in the riddle scene. In movement and make-up this is a clever performance—Friedrich's good side again. But there is little tonal variety now in the voice and less of the pathetic nobility (no matter how much the producer degrades the character) imperiously demanded by the music and provided by such baritones as Adam and Bailey. Gwyneth Jones gave Brünnhilde's greeting to the sun a little unsteadily, but her stiff, half-uncontrolled movements did for once suggest, not a merely prima-donna nervously testing a dangerous piece of scenery but a woman waking from long, unnatural sleep. Though the Brünnhilde of *Siegfried* may not be the part of the *Ring* in which she shines most brightly, her singing improved by leaps and bounds, with much that was eloquent and moving. Elizabeth Bainbridge delivered Erda's warnings with a sureness that overcame some unevenness of vocal quality.

In the orchestra pit Colin Davis started the evening at an almost too confiding level. Wagner's exploration in sound of dwarf Mime's mind need not entail dwarfish playing. The temperature remained low until, at the departure of the Wanderer, the orchestra blazed magnificently (accompanied by the feeblest, most perfunctory flickers in the stage lighting). The climax was out of proportion to what had gone before, but it released energy so far only latent.

There was still a lack of the Mahlerian knife-turning in this sometimes visceral score (by a not entirely fortunate chance, this *Siegfried* came the night after Haitink's admirable Mahler Third with the LPO), also of the furious scherzo elan that was about the only positive quality Boulez brought to his *Ring* at Bayreuth. But from that point in the first act onwards Davis's *Siegfried* was continually alive and interesting, often highly persuasive, and none the worse for preferring to a conventional, homogeneous Wagnerian sound a more distinct palette.

...wych

...Cousin Vladimir by B. A. YOUNG

...hough Solzhenitsin's name ...en in David Mercer's new ...with varying degrees of dis...ct, it is the Solzhenitsin line ...Mr. Mercer follows. But he ... the dice so heavily that ...n't really be said to have ... a point of any kind, except ... Russia and Britain both ... in second-rate citizens.

...at kind of people does ...n Vladimir — Vladimir ...kov, a defecting Russian ...ar physicist—expect to ... in England? For years ...e crossing the line he has ... up science and lived by ...ngenious manipulation of ...black market in knitwear. ...as entered England in the ...ge, as it were, of his cousin ..., who has made an ...ged marriage in Vienna with ...n Proctor, another nuclear ...cist who has abandoned the ...ssion. Proctor was drunk ...e time, and remains drunk ...ghout the play, which is ... on George Baker, since ...prives him of a chance to ... the part with any kind of ...nality.

Rusakov's new companions ...he "hard core" from the ... pub, a gang of drunken ...es living off what remains ...roctor's father's pools win. ...are Gordon (Julian Glover), ...nkrupt architect, and his ...en wife (Sheila Reid); ...e (Gaye Brown), a bad ...r, and Glenda (Glen Wal...), a bad actress; Len ...ael Bertenshaw), a private ... Henry (Geoffrey Chater), a ...tiy gay ex-officer who does ...or's housekeeping. I have ...n all the players' names to ... how strong the casting is, ...alas, they have little to do ...umble or mumble away with ... various kinds of mutual ...

...sakov (Mark Dignam) sits ...he touchline, drinking as ... as they but maintaining his ...ity for ironic assessment. ...r freedom is something you do not know what to do with" is his judgment, which is Solzhenitsin in a phrase—though he puts Solzhenitsin in his place as no more than the latest in a line of Russian puritan moralists. Halfway through the second act it looks as if there is to be a scène à faire between Rusakov and Proctor, but it comes to nothing.

Neither does the promised development that looms—also late in Act 2—when a government scientist arrives with the security officer from the Atomic Energy Authority who has wangled Vladimir's entry into the country. All that is left is to dispose of Katja (Susan Engel), the one wholly admirable character in the whole gallimaufry. Katja remains admirable; she has a Jewish grandmother and resolves to move on to Tel Aviv.

What, then, are we to conclude from this sad, and sometimes tedious display of inadequacy? It may be that the key lies in a remark that Rusakov makes to Proctor, who is sitting in a near-catatonic haze of drunkenness while a couple from the hard core quarrel under his nose. "I think you heard," Rusakov rebukes him, "and you do nothing."

If this is a rebuke to us for not trying to improve the state of society a bit when we can all see how ghastly it all is, I don't think we need accept it. There are good architects, good actresses, good singers, even, I dare say, good private detectives among us: there are others besides the Workers Revolutionary Party who are trying to improve the state of our life.

Mr. Mercer allows nothing of the kind. Even his "respectable" characters are shown only as agents of official blackmail, Rusakov's safety for Proctor's return to nuclear physics. "Your freedom is something you do not know what to do with," Rusakov concludes. We have the same diagnosis from Solzhenitsin — a man whose life-story is closely analogous to Rusakov's.

Jane Howell, the director, and her talented players cannot infuse much life into the bickering to which most of them are confined. Only Susan Engel and Mark Dignam as the Rusakovs (whose name is variably accented) display the glow of personality, apart, oddly enough, from the men from the outer world—Edward Jewesbury as the scientist, Walter Brown as the security man. An equal sense of purpose in any of the hard core would rescue us from those long periods of admiring Hayden Griffin's red-brick walls with their mock-Hockney. But then of course Mr. Mercer would have torpedoed his motif. He too, it seems, has heard and does nothing.

Riverside premiere

The British premiere of *Maulwerke* (or *Mouthpieces*) by the German composer Dieter Schnebel will be given on October 29 at Riverside Studios as part of the series of cultural events organised by the Goethe Institute "The Seventies Meet the Twenties." The composer uses an array of technical effects including film and video to show how the mouth and other parts connected with the making of vocal sound are used to produce every shade of sound and meaning. The result is an exceptional insight into the making of this form of music.

Mouthpieces, composed in 1974, is being performed in Basle and at the Pompidou Centre, Paris immediately before playing at Riverside.

...stival Hall

...Chicago Symphony Orchestra

by MAX LOPPERT

...e Chicago orchestra under ...g Solti gave the final con... of its European tour at the ...val Hall on Friday. The pro...ime was simple—Brahms's ...d Symphony followed by ...ler's First. The playing, ...t from some slips towards ...end of the latter that could ...interpreted either as tour ...ue or as the familiar ...rdousness of Mahler's ...estral writing, was firmly on ... level of accomplishment ...cted from this distinguished ...mbly. And yet the interest ... of the concert was perhaps ... uniform than might have ... predicted.

...chestral personality is a ...go thing. The Chicago ...estra boasts the kind of ...llence in all departments ... is simply not to be expected ... most of the London ...estras on an average South ...k appearance; and yet the ... total, to my ears at least, ...e lacks the special, imme...ely recognisable aura of a corporate orchestral temperament, of a distinct and identifiable orchestral sound, such as orchestras much less brilliantly able will sometimes manage to convey.

The Brahms symphony was played with a steady security of deportment in which nothing was put at risk. There seemed a determination, on the part of a conductor whose Brahms is well known in London, not to produce the high-powered, intense reading of the F major symphony that might be expected of him. Except for the final Allegro, in which there were flashes of the true Solti vitality, the absence of a convinced interpretative impress on the music, coupled with a familiar Solti want of Brahmsian refulgence, seemed to be emphasised by the sheer expertise of the orchestra. It was a mark of the kind of performance given that soft playing—a truly supported *pianissimo* tone rich in emotional weight and sensitivity—was at a discount throughout.

The Mahler was something else. Clarity, rhythmic forwardness, strength of tone count for more than warmth or thoroughly blended timbre (although this is not to suggest that warmth is out of place in a Mahler symphony). The "functional" quality of the Chicago orchestra's style was turned to account in a reading of the work notable above all for its charge of dramatic electricity, for its urgent forwardness of impulse. It was not the way one might always want to hear the work played: the lyricism of the music, and the wonderful way the movements grow from the *Wayfaring Lad* melodies into novel and dramatically articulated symphonic structures, were not features of the work than one retains in the memory of this performance. But it was a rare pleasure to recover, after frequent exposure to the symphony, its tremendous excitements, its high and unfailing theatricality.

Wigmore Hall

Schwarzkopf

Although she has bade her farewells elsewhere, Elisabeth Schwarzkopf continues to appear in London. Saturday's recital, the first of two at the Wigmore Hall this month, mounted the familiar Schwarzkopf portrait gallery of women in song — Suleika (Schubert's, and also Schumann's "Lied der Suleika"), Gretchen, Ophelia (Strauss's three settings of *Hamlet*), Schumann's fortune teller, Wolf's drunken collier woman and, as an encore, his *Philine*. These songs were mingled with other favourites in a programme that made no concessions to the stamina of the singer, that matched — as ever — the highest appreciation of musical and poetic excellence to the keenest sense of a balanced and satisfying bill of fare. A Schwarzkopf recital is always an implicit statement of faith in the Lied as one of the greatest and most concentrated forms of art: and this was no exception.

It was an occasion in which feelings of fascination, admiration, and profound unease jostled hard, all evening, to become one's final response. About so self-aware and self-critical a singer it will not do to write with less than full frankness. On Saturday there seemed to be very little voice left, and what remained had to be positioned, managed, maintained, and nursed with unceasing vigilance. All vowels aspired towards the condition of a single closed sound; dynamics, except in oneo r two vigorous outbursts, were sedulously restrained to the lower range. An arsenal of allied weaponry—facial expression, physical bearing and demeanour — had to be called upon when the voice alone failed to dominate the fray.

That the songs were still presented with such unerring confidence was in itself a demonstration of supreme artistry, of the gift of distilling intractable raw material through a glass of overriding intelligence; but it cannot be said that the pleasures of the evening were ever simple, or that they had as their source a delight in the songs themselves. In proportion as a song developed layers of complexity, its performance grew powerful and rewarding—the many-faceted expression of "Gretchen am Spinnrade," of the Strauss Orphelia songs, of "Das Köhlerweib," was brilliantly depicted. In the opening Mozart group, where simplicity of utterance must outweigh all other gifts, the singing was hardly nourishing. Most of the more straightforward pleasures of the evening were to be derived from Geoffrey Parsons' pianism—a model of discretion, supportive sympathy, and well-placed tone.

MAX LOPPERT

BBC wins second award in Prix Italia

Following its success with *The Spongers* in the drama category, the BBC has also won the documentary award at the 1978 Prix Italia International Television Festival in Milan with *Casualty*, the first programme in the series *Hospital*.

This is the second time the BBC has achieved the "double" at this festival.

The Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

The skilled worker shortage takes a turn for the worse

By Richard Cowper

IT MUST rank as one of the more absurd aspects of the workings of the British economy that, at a time when most companies are still working below capacity because of lack of demand, and some 1.3m people are unemployed, one manufacturer in five complains that his output will be limited this year because of a shortage of skilled workers, according to figures from the Confederation of British Industry.

The structural nature of the problem is underlined by the fact that a year ago, when unemployment was even higher, 22 per cent of companies were making similar complaints.

Although the extent of the deficiency can vary from sector to sector and from region to region, the problem appears common to much of British industry (see illustration) and the indications are that if the economic upturn continues, the situation could reach crisis proportions for some companies.

The shortage of skilled workers is not a new phenomenon. It has been with us in varying degrees since the war, as a significant factor in the supply bottlenecks which have contributed to British industry's failure to meet increased demand as the country approached the peak of each and every boom, so that a flood of imports has been sucked in. There is some evidence to suggest that the situation is now slightly worse than at similar stages in previous economic cycles.

There are two ways of assessing the extent of the problem. One guide is the ratio of notified skilled vacancies to the number of registered skilled unemployed (see illustration). On this basis the situation was at its worst in the middle of 1965 (at a time when unemployment in Great Britain averaged 1 per cent) when for example, there were 6.5 vacancies to every one unemployed person in the main skilled engineering and allied occupations: this was at a stage when the economy was booming. More recently, in November, 1973 (at the height of the 1973 boom), there were 2.2 vacancies to one unemployed person.

Since officially notified vacancies are generally estimated to be only about a third of the total vacancies, the position must be—and has been—much more dramatic than the statistics show.

One indication that the underlying situation may now be worse than ever before comes from the engineering industry. In nearly all skilled manual engineering jobs, the ratio of skilled vacancies to the number of registered skilled unemployed was higher last December than for two years before, although engineering output had fallen.

For half the engineering job categories, skilled shortages last December were already greater than at the end of 1972, when unemployment was half today's total, and when output was growing rapidly.

Indication

Another way of looking at the problem is to compare the percentage of companies working at full capacity, which is a fairly good indication of the state of demand, with the percentage of companies reporting a skilled labour shortage. Although the relationship since 1960 between these two has been virtually constant in spite of various government-inspired training schemes designed to limit future shortages, the graph shows that today the situation is slightly worse than at similar points in previous economic cycles.

For example, in the summers of 1970 and 1972, when as today, around 22 per cent of manufacturers were reporting that skilled shortages were limiting output, over 40 per cent of companies were working at full capacity, whereas at the moment this is true for only 35 per cent of companies.

One of the sectors to be worst hit by the phenomenon has been the broad one of engineering—also one of those most affected by lack of demand.

A survey into recruitment problems in British Industry published this year for the Manpower Services Commission by International Fact and Forecasting (IFF) found that 46 per cent of the 870 establishments which made up the survey had suffered employment difficulties, the great majority in finding suitable workers.

Skilled manual workers were the main problem occupational group, and within it mechanical engineering craftsmen were the most commonly mentioned. Of those groups with recruitment difficulties, 41 per cent claimed that the problem was adversely affecting output. The survey found that larger establishments seemed more affected than small, but there appeared to be little difference between the regions.

A recent report from the Engineering Employers' Federation showed reported vacancies for skilled engineering workers to be around 30,000 though the true figure could be as high as 90,000. And the latest CBI figures (July) showed that some 35 per cent of manufacturers in mechanical engineering believed that the shortage would limit their output this year.

Within engineering, machine tools seems to be among the worst hit, with half of the industry claiming to be affected by shortages, in spite of the fact that, in general, order books are far from full. According to the National Economic Development Office (NEDO) the problem seems to be particularly acute in some regions, with the South East and the West Midlands the most badly affected.

Another industry to be suffering despite depressed demand is motor vehicles, with some 40 per cent of companies claiming that the shortage is affecting output. British Leyland, for example, would appear to be short of some 2,000 skilled workers in spite of its large intake of apprentices (900 this year).

It is interesting to note, however, that GKN, Britain's biggest engineering company, with a large number of its subsidiaries in the Midlands supplying the automotive industry, does not at present have a significant shortage of skilled blue collar workers, though it admits that a growth in demand could well bring problems.

The extent of the nation's problem varies not only from sector to sector, but from skill to skill and region to region. The regional figures for June, for example (see illustration) show both the varying sizes of the shortage and also the changing degrees of skilled job mismatch. In the South East, for example, the number of notified skilled vacancies was as high as 22,000, though the area had 32,276 unemployed skilled workers. And the situation could be worse, as notified vacancies are roughly a third of actual vacancies.

The North West, on the other hand, had 4,491 vacancies although it had 20,016 skilled unemployed, while the North had 2,567 vacancies and 14,000 skilled unemployed.

Another instance concerns the shortage of toolmakers in the South-East. In December it was much more acute than the overall trend for skilled workers might have suggested. The area had twice as many vacancies for this skill than there were unemployed. And the problem was nearly as bad in the West Midlands, where there were 206 vacancies and 173 unemployed.

Deficiency

The picture in electrical engineering reflects the general trend, with around 20 per cent of the industry claiming that a deficiency will prove a brake on output this year. GEC—Britain's largest private employer—is looking for 3,000 extra skilled men and women. At its Marconi subsidiary, for example, there is a shortage of anything up to 700, with the plant at Chelmsford needing 400. A similar picture emerges at Ferranti, where the company claims that the current shortage of 500 skilled workers at every level could prove to be the main limit on its future growth.

The chemicals industry, together with coal and petroleum products, has been affected in specific areas, but it appears to be less badly hit than most other sectors. ICI, which has generally had few problems attracting skilled blue collar workers, provides perhaps the most dramatic example of the effects a shortage in one skill can have on a manufacturer's operations.

The company has closed down two plants, part of another, and has held up the opening of a fourth which has just been built—all at Wilton. Although there is world overcapacity in some of the products made there, ICI claims that the closures were forced on it by a shortage of instrument artificers—the men who control the instruments at the nerve centre of a high technology modern chemical plant. Wilton has been short of 170 of these key workers for some 18 months, and the company says it just cannot find them.

A recent survey of 45 plastics companies by the British Plastics Federation suggests that the shortage of skilled workers is increasing steadily, with some 60 per cent of the companies taking part expecting to suffer from a shortage this year. A significant number of those cite this as a brake on output. An earlier survey published some 18 months ago found that only 47 per cent expected a shortfall.

These and other, particularly national statistical figures, need to be treated with some caution, not only because skill shortages can vary from region to region and between different skill groups, but because some analysts have questioned the accuracy of the CBI's trend figures on this problem.

They argue that, in some reported cases, the shortages have on investigation been found to be illusory. They suggest that this may be partly due to the fact that some companies have ticked, say, both "lack of demand" and "shortage of skilled labour" as factors liable to limit output when the former may have been by far the most important.

In spite of these reservations, however, all the evidence points to the fact that today, at a time of depressed demand and high unemployment, the problem of skilled worker shortages is acute. It is already causing serious concern to both industry and Government.

They share a fear that, when the economy gets moving again, many companies will not be able to take full advantage of the increased demand because they just will not have enough skilled manpower to cope with the extra work load.

As the managing director of one East Midlands engineering company said: "If over a fifth of companies are short of skilled labour today, God help us if we experience another 1973-type boom."

A second article, examining the complex causes of the shortage, will be published tomorrow.

HOW THE SHORTAGE VARIES FROM CASE TO CASE

By Sector

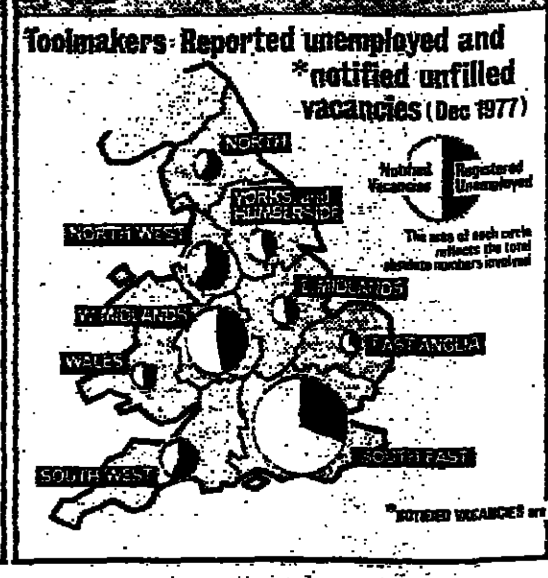
Impact on UK industrial output (July-Oct 1978)

Industry	% of sector claiming skill shortage limits output
Food, drink and tobacco	3
Chemicals, coal & petroleum products	4
Metal manufacturers	14
Mechanical engineering	35
Electrical engineering	20
Shipbuilding & marine engineering	31
Motor vehicles	40
Other metal goods	26
Textiles	28
Other	22
Total for all industry	22

* Total trade sample was 2,104 companies.

Source—CBI Trends, July 1978

By Skill



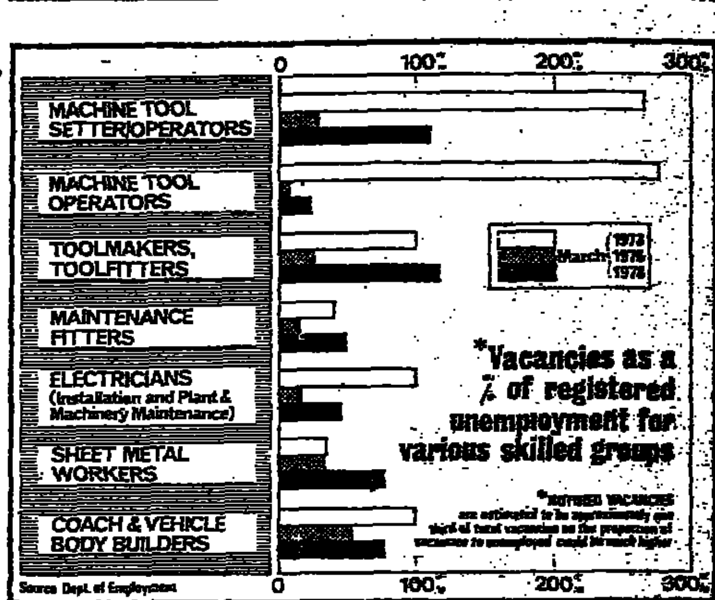
By Region

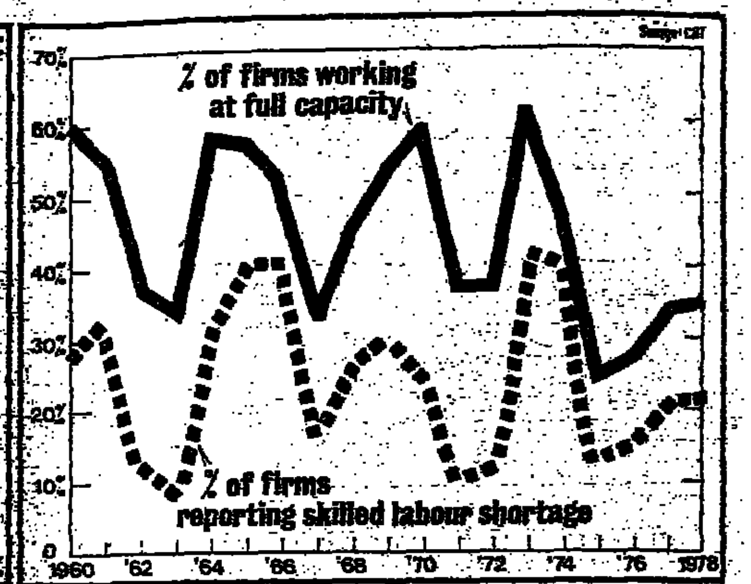
Regional unemployment and vacancies* for craft and skilled workers (June 1978)

	Notified vacancies	Unemployed	Unemployed/vacancy
S. East	22,013	32,726	1.49
E. Anglia	1,821	2,934	1.61
S. West	3,523	9,636	2.74
W. Midlands	4,489	12,800	2.85
E. Midlands	4,966	6,837	1.38
Yorkshire and Humberside	4,930	10,388	2.11
N. West	4,491	20,016	4.46
North	2,567	13,932	5.43

*NOTIFIED VACANCIES are estimated to be approximately one third of total vacancies.

Source—Employment Gazette





Managers to discuss Third World strategy

By Nicholas Leslie

THE ROLE and responsibilities of management in promoting both economic growth and human welfare will form the main theme of a major conference to be held in India in December.

At the same time, the 18th CIOS World Management Congress aims to provide an opportunity for managers from developed and developing countries to assess ways in which the development of the Third World can best be exploited. It is likely that India will be promoted as one of the most promising countries through which, in partnership, Western industry can broaden its activities in developing countries.

The congress will be held between December 3 and 8 in Delhi, with Shri Moraji Desai, India's Prime Minister, giving the inaugural address. Mr. Prem Pandhi, president of the All India Management Association—which will host the congress—and chairman of Cadbury India, sees the conference and its venue as an ideal way to bring together managers from East and West.

The CIOS—originally the Conseil International pour Organisation Scientifique—is a non-political, non-government and non-profit-making association of representative management organisations throughout the world (though the British Institute of Management is not a member) which has consultative status with a number of organisations, such as UNESCO.

Among the speakers at the conference will be Professor Peter Drucker, the well-known management pundit, and Dr. S. S. Ramphal, secretary-general of the London-based Commonwealth Secretariat. Other speakers, including industrialists, academics and government representatives, will be attending from as far afield as the Philippines, Hungary, Russia, Yugoslavia, Brazil, Canada, the U.S., Malaysia, Venezuela, as well as many West European and other countries.

The conference will comprise plenary and group sessions. Subjects for discussion include—in plenary session—Management Culture; Management and Technology; Management of Development for Human Welfare; and Managers' Concerns in the Next Decade. Group sessions will then look at all different aspects of the subjects covered in plenary session—for example, Regional Characteristics of Management; Entrepreneurship; Management of Research and Development; Technology Transfer; Management of Urban Communities; Managerial Realities of Global Interdependence; and Consumerism.

The Congress registration fee is $300. Application forms are available through Air India at 17-18, New Bond Street, London W1Y 0BD. Air India is also the official carrier and is providing a travel package (air fare, bed and breakfast and transfer to and from airport) for £440—with an £85 single room supplement. There is an optional four-day extension with tours to Agra and Jaipur for an extra £89, including all meals.

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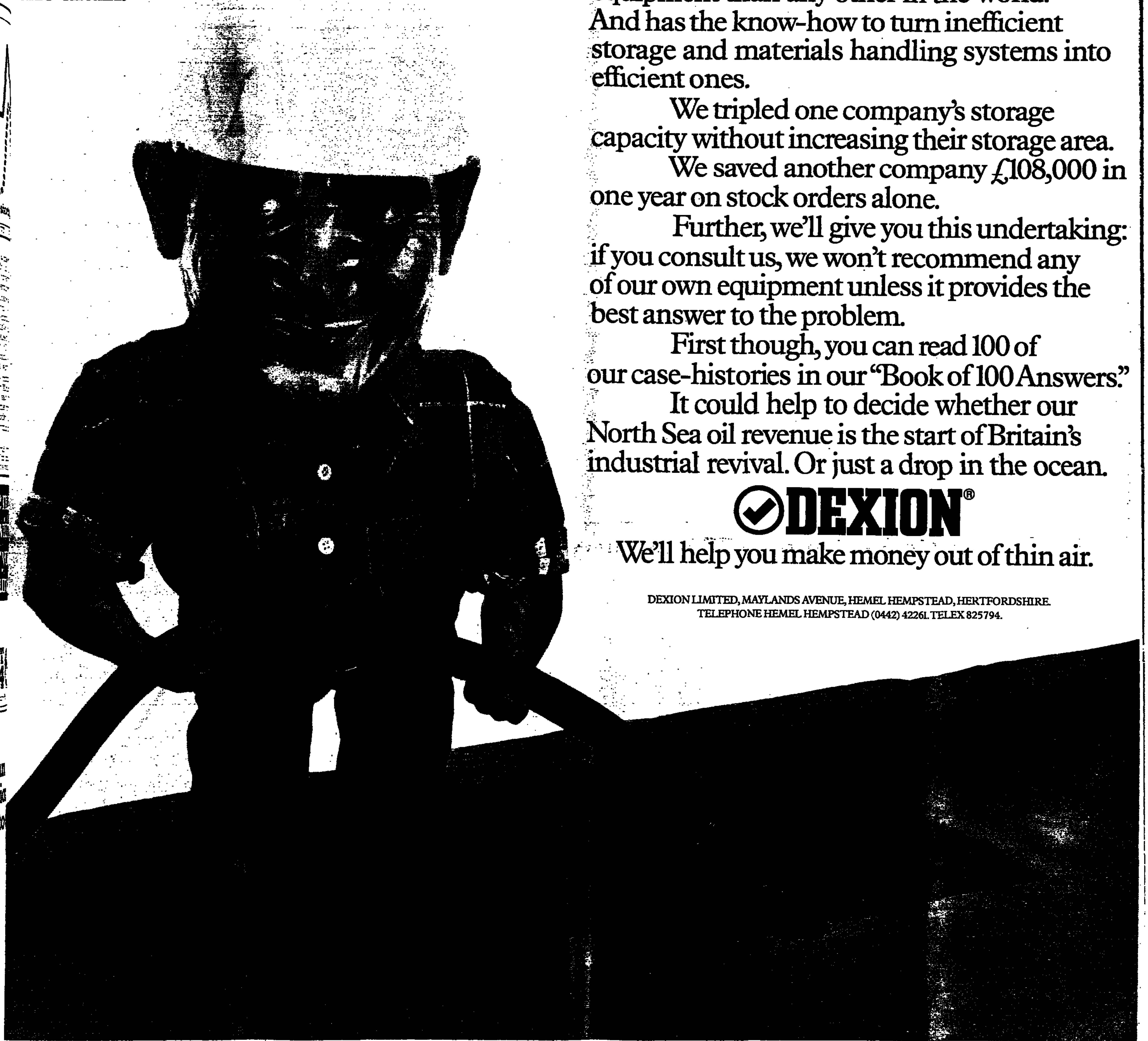

Where half of North Sea oil is going this year.

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Monday September 25 1978

The shaping of EMS

MR. DENIS HEALEY, it seems, has yet to learn the elementary lessons of negotiating. The Chancellor of the Exchequer said at the meeting of Commonwealth Finance Ministers in Montreal last week that Britain might not be joining the proposed European Monetary System. Then, by way of explanation, he produced the assertion that the British economy—apparently unlike the French—is now strong enough to stand on its own without the need for European support.

Mr. Healey, it is true, is not Prime Minister. Mr. James Callaghan is believed to be rather more favourably disposed to EMS than the Treasury. Yet for a Chancellor of the Exchequer publicly to proclaim an indifference bordering on hostility to a major European initiative and to base his case on an illusory notion of British economic strength can hardly make the British position any easier.

Renegotiation

When the idea of closer European monetary cooperation was first put to Mr. Callaghan by Chancellor Schmidt in Bonn last March, the Prime Minister's initial reaction was one of some scepticism. It quickly became clear, however, that a system of some kind would go ahead with or without British participation. From then onwards there was only one sensible course for the British Government to take. That was to declare a commitment in principle and to seek to negotiate the best possible terms.

In a grudging sort of way that more or less happened. Mr. Callaghan at least seems to have disclosed a stronger interest in EMS to European leaders than he has to the British Parliament. It has also emerged over the months that far more is at stake than a technical currency support scheme. The Community is talking not just about exchange rates, but about the transfer of resources from one member state to another. That implies the reform of the common agricultural policy, one of the long-standing objectives of successive British Governments. Indeed at the Bremen summit in July the Heads of Government had their most productive talks on this subject so far. It also brings in the possibility of enlarged regional and social funds and of revising the national contributions to the Community Budget. In short, a great deal of the workings of the Community as we know it are effectively up for renegotiation, not perhaps in one fell swoop but gradually as EMS gets under way.

It therefore was and remains an essential British interest to play the fullest possible part in these discussions, and to do so with a visible will for them to succeed. Such a demonstration of will should itself strengthen our negotiating position. The French, after all, have frequently achieved their aims by cloaking them as European, a practice said to be admired by the Callaghan Government—though not apparently by the Treasury. There is no reason why it should not be followed by the British.

There may, of course, be legitimate fears about how EMS will develop. It has been argued that it might seem anti-American or even undermine the IMF. Yet the way to prevent either of those contingencies is to have an influence on the shaping of the system from the start. For if one lesson at least should have been learned from the past it is that we are no longer talking about alternatives. There is no monetary equivalent of EFTA to join should Britain choose to stand aside from mainstream European developments. The French and German determination behind EMS is such that it will simply go on without us, while at the same time making our relations with the Community on other matters more difficult. Why should the Community help us on the CAP, for example, or indeed on anything else if we refused to do it through EMS?

Worst ground

It is also true that there is nothing to be gained by concentrating on purely technical objections. The first period of EMS will almost inevitably contain pitfalls. What matters is that there should be contingency plans to deal with them, even if some of them have to be developed as EMS proceeds. In other words, for Britain it should be a question not of "yes, if the terms are right" but of how to secure the right terms.

Yet the worst ground of all for lack of commitment would be the belief that the British economy somehow no longer needs the Community. There is no way in which such an approach can improve the British bargaining position either now or later, when the belief is found to be false.

Mr. Begin's next task

JUST ONE week after the dramatic presentation at Camp David of two "frameworks" for peace in the Middle East, the reaction of those not directly involved in the negotiations — in Israel and the rest of the Arab world — have been as negative as might have been expected. In Damascus, those Arab leaders most opposed to President Sadat's policy of direct negotiations with Israel, have formed a "front of steadfastness and confrontation," broken off relations with Egypt and geared themselves up to oppose by any means the Camp David accords. Saudi Arabia and Jordan, both of key importance for the success or failure of the accords, have been hostile but not "rejectionist". Mr. Begin, Israel's Prime Minister, returned to a hero's welcome (as did Mr. Sadat), but also to some sharp criticism of the implication that settlements might have to be removed from occupied Arab territories.

It is to be hoped that all of these reactions are not final positions. On the Israeli side, Mr. Begin has always been caught between wanting to go down in Jewish history as the man who brought peace to Israel, and his deep religious attachment to the land of Eretz Israel. This has meant that he does not want to be labelled as the politician who gave away Judea and Samaria (as he calls the West Bank). At this moment, the dilemma is very apparent.

While the Israeli cabinet yesterday accepted the Camp David accords and the principle of the withdrawal of the Sinai settlements, Mr. Begin has indicated that he will offer no public guidance on the subject, leaving it to the Knesset (Parliament) to decide. This is evasion of statesmanship. The worry in the minds of Mr. Begin's critics is that agreement to dismantle settlements in Sinai (not part of *Ertz Israel*) would create a precedent which could be applied to the West Bank, the Gaza Strip and the Golan Heights. But if the Knesset were to decide against dismantlement, the Camp David agreements would be useless.

For Mr. Begin's principal shortcoming as Prime Minister of Israel has been his inability to move from stimulating sympathetic debate about understandably emotionally religious topics—such as settlements—to persuading Israelis that unpopular decisions must be taken. If peace is finally to be reached, Mr. Begin will at some stage have to tell his constituents that settlements will in the end have to be withdrawn from all the occupied Arab lands.

Meanwhile the Arab reactions elsewhere have to some extent been replays of the anguish at Mr. Sadat's visit to Jerusalem last November. It is understandable that Saudi Arabia and Jordan should have reservations about the Camp David agreements and seek clarifications from Mr. Cyrus Vance, the U.S. Secretary of State.

The Damascus meeting has been essentially backward looking. In concentrating their hostility on Egypt and on setting up military commands, the participants give no impression of intending to be constructive. One thesis they would do well to examine would be whether the two "frameworks" at Camp David do not in fact contain—through the question of Israeli withdrawal, the involvement of some Palestinians, and the process of negotiations with Israel —*some elements of a process* which in the long term might serve Arab interests. But for this process even to start, some clearer leadership in Jerusalem is required.

Subsidies issue is the key to new GATT agreement

BY COLIN JONES

ONE OF the toughest issues still to be resolved if the present round of GATT multilateral trade talks is to be concluded before the desired December, 1978, deadline is the framing of an international code on subsidies and countervailing duties.

The need for such a code is generally accepted among the various negotiating teams assembled in Geneva. The use of industrial subsidies for one purpose or another has become widespread in both the developed and developing world. They are often provided with little overt regard for or even recognition of their adverse effects on international trade. There have been mounting complaints of unfair competition from affected business and trade union interests and—particularly in the U.S.—rising pressure for countervailing action.

The fear is that, unless the existing GATT provisions on subsidies and countervailing duties are suitably strengthened and clarified by the adoption of effective procedures for consultation and settlement of disputes, the benefits of any new trade liberalisation package might be largely nullified by a proliferation of unilateral protectionist measures and counter-measures of this kind.

The trade negotiators are still far from reaching agreement even on quite crucial matters. Among the major outstanding issues are such questions as whether another country's subsidy would have to be shown to be the principal cause of injury, or merely an important contributing factor, to justify the imposition of countervailing duties; whether such duties may be imposed unilaterally or only after authorisation by a special GATT panel; the extent to which the code should cater for the special needs of the developing nations; and the extent to which it—or any comparable arrangements—should apply to trade in agriculture and other primary products.

No injury test

The initiative for including a subsidy code in the latest trade package has been mainly American. The U.S. negotiating position is a strong one for two reasons. First, under its GATT "grandfather rights" the U.S., alone among the contracting parties, has been exempted from having to conform with the article requiring proof of injury before countervailing duties are imposed. This was because there was no injury test in the U.S. legislation in force when GATT came into being in 1947.

Secondly, the provision in the U.S. Trade Act, 1975, giving the U.S. Treasury the discretionary power to refrain from countervailing action if such action would jeopardise the successful outcome of the present trade negotiations, expires in January. The imposition of countervailing duties on any import receiving an export or production subsidy in the country of origin will then again become mandatory on the U.S. administration.

The imminence of this deadline lay behind the row which broke out earlier last week between Brussels and Washington. The Carter Administration told the EEC, which is negotiating on behalf of member countries at Geneva, that there was no prospect of persuading Congress to extend the waiver beyond January. The EEC foreign ministers warned that the Community could not be expected to continue the GATT trade talks while facing the threat of a trade war. As the January deadline has been known for four years and as there is no reason to differ from the U.S. administration's reading of the present mood in Congress and the country, the episode should presumably be taken as indicating the kind of pressure which is now building up.

At the outset, the U.S. proposed a three-part classification of subsidies and related countervailing procedures, promptly dubbed the "traffic lights" system. The first category would be prohibited export subsidies which would automatically trigger the imposition of countervailing duties in the importing country. In the second category would be internal subsidies which can have a substantial trade effect and which would be subject to action if it was found that they *had caused or were threatening* to cause material injury to foreign producers. Finally, there would be internal subsidies with minor, indirect trade effects which would not be subject to countervailing action.

The EEC, with the broad support of the Japanese and Canadians, have all along been opposed to the idea of automatic triggering of unilateral countervailing duties under any circumstances. In the case of the Community, this stems from scepticism about whether a definitive and exhaustive list of prohibited export subsidies could be agreed (as past experience rather indicates). In any case, the EEC wants a strict injury test in two stages: first, an evaluation of a subsidised product's *penetration of a complaining country's market*; and second, if (and only if) the first test showed positive results, an evaluation of the situation in the affected industry (turnover, prices, employment, profits, investment, and so on). Even if injury were conclusively proved, and bilateral negotiations between the countries concerned failed to yield a solution, then in the Community's view multilateral consultations ought still to precede any countervailing action by the complainant country.

Superficially, the negotiations would appear to be a contest between the Americans, who want to see European subsidy practices subjected to greater disclosure and discipline, and the Europeans (and some other countries) which want the Americans to yield up their "grandfather rights" and conform to the same basic rules as everyone else. But, deep down, fundamental economic and *political issues are at stake*.

Time is running out for the three chief negotiators in the GATT multilateral trade talks—Mr. Robert Strauss, U.S. Special Trade Representative; Mr. Nobuhiko Ushiba, Japan's Foreign Relations Minister; and Mr. Wilhelm Haferkamp, EEC External Affairs Commissioner.

They relate not only to the question of how far the freedom of individual nations to pursue their own domestic policies should be circumscribed by the need to maintain an orderly system of international trade. They bear directly on the question of what is the proper *role of government in business*, a matter on which differing nations hold differing views.

The principles embodied in the General Agreement on Tariffs and Trade were almost entirely American (and pre-New Deal American at that)—namely, that governments should stand aside from the market system. Economic welfare would be best promoted on the global level as on the national by letting competition between firms determine the most efficient allocation and use of resources. This would also help to de-politicise international trade in contrast to the national confrontations which characterised the inter-war years. Provided—and here it was assumed that national treasuries would exert a disciplinary influence — governments resisted the temptation to intervene to frustrate the structural changes brought about by the changing pattern of comparative costs, the scope for conflict between trading nations would be kept to a minimum.

Governments, however, have been far from willing to stand aside. This was evident long before the post-1973 world trade recession led to a proliferation of financial aids for job rescue and job creation programmes. A liberal trade system works best when it is *adopted* by states in similar stages of development, with similar economic systems, and similar competitive capabilities. Since 1947, there has emerged a large number of newly-independent developing nations anxious to set about creating their own industrial base. Governments in the industrialised *nations* have become concerned at the manner in which the evolving global distribution of industry has intersected with the structure of their own economies. They have not regarded the rapidity of adjustment it requires as always "socially acceptable." The idea of comparative trade advantage and industrial specialisation implicit in the GATT has not always promoted or coincided with perceived national objectives for employment, international payments, or growth.

Out of this mistrust of the market mechanism, there has grown a belief—more marked in some countries than in others—in the superiority of state action. It is no coincidence that industrial policies, regional development policies, export promotion policies, and investment incentive policies began to be more widely and intensively pursued in the early 1960s when tariff reduction and economic integration were making it more difficult to resort to conventional methods of protection and the consequences of trade liberalisation were making themselves felt.

There are now state incentives for energy production and conservation, to reduce pollution and safeguard the environment. Status industries like computers, aerospace, steel, *shipbuilding* and electronics are cosseted by grants, tax concessions, preferential credits, equity participation, or public ownership. There are programmes to foster faster growth motivated, like all the rest, by the desire to satisfy popular expectations of the system's capacity to deliver which the fruits of trade liberalisation helped to arouse.

Such measures are to be seen not only in countries like France (which has been actively interventionist since Colbert), latter-day Britain, or Japan (where subsidy practices have been diminishing). West Germany, popularly regarded as doctrinaire in its opposition to state intervention, has an active regional policy and has given financial aid to its coal, oil, shipbuilding, computer, and aero-space industries. Even the U.S., the progenitor of the post-war international trading system, has used measures to promote exports or support industries identical to some of those enjoyed by importers against whom it has levied countervailing duties.

How much is now being expended on subsidies, no-one is able to say. Few governments draw up budgets or publish accounts which make it easy to extract appropriate figures. Few subsidies are transparent. What, for example, is the precise element of subsidy in a tax concession, a state equity holding, or in a loan from a state agency which borrows at government rates and supports high-risk projects? The total must certainly be huge. On regional policy alone, the nine members of the EEC are estimated to have spent in 1974 some \$3½bn on a narrow definition of regional expenditure and probably twice that on a broader definition.

It is the comparative invisibility of state aids that make them so tempting to use—and so insidious a threat to the international trading system. They politicise decisions in the market place, create uncertainty for businessmen, and lead to recriminations between govern*ments. The more there are, the* more they can become mutually self-defeating and the longer the inevitable adjustment may be delayed. Unless present trends are checked, the more we are likely to see manufacturing travelling down the same protectionist path as agriculture — as shipbuilding, for one, is already doing. If that were to happen, it would be the weakest members of the international trading community, not the strongest, which would suffer.

Organised interests

Governments, too, would gain if there were stronger international constraints upon the innate nationalism and mercantilism of politics in each nation. It would strengthen their position against organised private interests and so arrest what Dr. Jan Tumlir, the research director of the GATT Secretariat, has called the "internal bleeding of sovereignty." A multilateral code on subsidies, like the state aid provisions in the EEC Treaty, would not forbid subsidies which had limited trade effects and which facilitated change. It would however help to bring back into the decision-making process the costs that are now imposed on others. A self-denying agreement to avoid second-best solutions ought not to be hard to accept.

Whether in fact an effective code will emerge from the talks at Geneva—whether the nations represented there will in practice eschew beggar-thy-neighbour policies—remains to be seen. It is but one ingredient in the trade liberalisation package. But it is one of the most important, and probably the most intractable, for the future well-being of the international trading system.

MEN AND MATTERS

Pensioners to the fore

The first shots were fired on a new battlefront yesterday. The pensioners are girding their *loins and yesterday 2,000 of* them gathered in Trafalgar Square to hear Len Murray tell them that the TUC is right behind them and to listen to Jack Jones add his weight to their campaign.

In the brisk autumn sun they marched up from the Embankment, down the Strand to what was their first national meeting. One 71-year-old pensioner, Ada Pick from London's Dollis Hill, claimed "You don't get anything if you don't act."

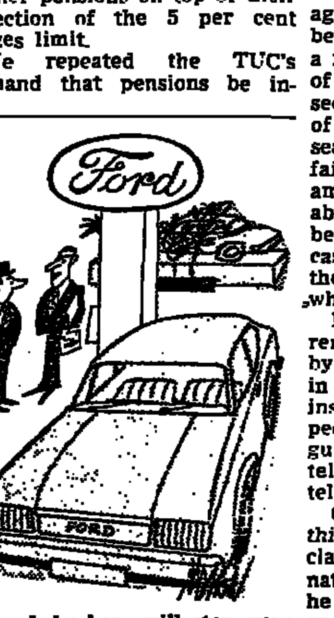
And act they did, with banners, badges and bands. "Old and cold" read one placard, while another complained that the pensioners had to wait like "animals on the bread line."

Len Murray, the General Secretary of the TUC, served notice on the Government that they would be heaping demands for higher pensions on top of their rejection of the 5 per cent wages limit.

He repeated the TUC's demand that pensions be increased to one-half of average earnings for married couples and one-third for single persons. But as a new point he insisted that this should be in 1979, with extra contributions from both workers and employers. Employers' contributions were lower than elsewhere in the EEC, he said.

Jack Jones, the former General Secretary of the TGWU, tells me that he is working to drum up support at the grass-root level. He is appalled at the "chicken feed" which pensioners receive now and at the delays in giving them free or at least subsidised travel.

The afternoon at Trafalgar Square began on a chirpy note with the Rampart Street Paraders band leading the pensioners to Nelson's feet. But it ended with the Dad's Army contingent vowing to return for more. Watch out, Whitehall.



"Superb brakes—will stop even faster than a Ford worker."

Psyching them out

Not everyone is as coy about dealing with so-called "shrinkage" as London stores appear to be. I have just been talking to a remarkable man by the name of Reg McHeug, director of security with the Kossler chain of stores on Canada's eastern seaboard. He tells me his unfailing method is telepathy: "I am able to get these vibrations about people. So far I have been right in 99.5 per cent of cases. I know *something* is there. It gives me an idea of what to look out for."

McHeugh's unusual talent is rendered almost self-fulfilling by the publicity he has received in New Brunswick, where he is instantly recognised. "Some people are spectical, but the guilty ones are petrified," he tells me. This must help his telepathy along.

Of his friends, one in three *thinks he is "a kook,"* but he claims to have virtually eliminated thef in the stores to which he has directed his attention, and is now training others in his methods.

One British expert who believes McHeugh is on the right lines is Frank Pegg, a Home Office security lecturer who has his own firm in Coventry, Volumatic. He considers use of telepathy is likely to spread.

More conventional methods, he says, are "not very sophisticated," although invisible markers, used for example on notes in cash tills and packets of cigarettes, are catching on. More dramatically he hopes that subliminal messages, such as "I am honest, I will not steal," already common in the U.S., will soon become part of the muzak in British stores.

Musical marchers

Anthony Wedgwood Benn picks some unusual soap boxes to expound his philosophy but Hyde Park yesterday saw him orating from under the suitably symbolic Reformers' Tree. "We are preaching the politics of hopes against the politics of fear," he told an 80,000-strong crowd, exhorting them to use their democratic rights to build a world in which "racialism has no economic basis for its appeal."

Heady words, but right on key for those in the Anti-Nazi League who had gathered to hear speeches from our ubiquitous Energy Secretary, from the miners' leader Arthur Scargill, and from rock star, Tom Robinson.

As they spoke, groups ranging from reggae to rock and from soul to punk battled quietly for the ear of the mixed bag who lolled on the grass. The beads and beards mingled, and as people wandered aimlessly with lapel badges and giant lollipop sticks beaming out the legends "Anti-Nazi League" and "Rock Against Racism." Peter Hain, one of the *ANL's triumvirate of self-*appointed leaders, denied that he was trying to anchor the fight against racism to the Labour Party though said he hoped it would be espoused by the labour movement. As for Rock Against Racism, a group formed two years ago to steer young people away from the National Front, this has been the force behind 360 carnivals since May alone. And their programme? "Oh, we are not offering an alternative," I was cheerfully told.

The ANL's avowed opponents, the National Front, were in full force when I arrived at their rally on the Embankment. The Union Jack was flying and sounds of "Rule Britannia" rose raggedly from the ranks. They then set off, flanked by two rows of policemen on both sides, *25 mounted police in front and* behind and a huge number of police at sidings and crossings.

Away from the leafy streets beside the Thames, they shouted such slogans as "The National Front is a racial front, join the National Front."

I found the NF's new "home," an old warehouse, in Great Eastern Street shrouded in plastic and guarded by police. Then to shouts of "Up the English," the several thousand supporters marched past, ending up round the corner where their National Activities Organiser, Martin Webster, asked his faithful how, if it had been right to fight the German invaders it was wrong to fight the black, the brown and the yellow.

On my way back, passing through Brick Lane, I picked up an apple from a stall keeper who claimed to have the longest-running stall in the market. How did she and her family react to the violence? "We're used to it," she said. "After all, we survived Moseley in the 1930s."

Kings ain't wot they used to be

From an advertisement for a Florida hotel: "Live like a king for \$40 a day. De Luxe suite \$20 extra."

Observer

FINANCIAL TIMES SURVEY

Monday September 25 1978

Commercial Vehicles

The UK commercial vehicle market is growing faster this year than any other in Europe. But it is facing a big challenge from importers, who have raised their market share substantially as British production has stagnated. Meanwhile the rationalisation of the industry within the EEC is continuing.

14.

The big get bigger

By Terry Dodsworth, Motor Industry Correspondent

THE WORLD'S commercial vehicle industry is rapidly developing a structure in which a few very large companies dominate a dwindling number of second division organisations. This trend has shown a marked acceleration in Europe in the last three years with the creation of IVECO, the pan-European organisation headed by Fiat, and the amalgamation of Saviem and Berliet in France. It might have gone even further had the proposed merger between Volvo and Scania come off. But even without that—and there is a good chance that it will still happen in the not-so-distant future—the move towards greater scale has been given added urgency by the attention the American multinationals are now giving to commercial vehicles in Europe.

The Americans, despite their overwhelming strength in the world car industry, are not in a particularly superior position in commercial vehicles. Indeed, in sheer numbers, the two European giants, Daimler-Benz and Fiat/IVECO, now lead the field world-wide among heavyweight vehicle producers. Where the Americans score is in their depth of manufacturing expertise, which is spread between a wide number of companies, and in their potential for expansion. The U.S. has five heavy truck producers — International Harvester, Mack, Ford, General Motors and White—with a capacity of more than 20,000 units a year, and of these, three, IH, Ford and GM, have substantial production resources in Europe. All of these are now mobilising their facilities for an all-out assault on the heavy vehicle market.

Struggle

Within the heavyweight sector, the figures show that the struggle among the leading manufacturers is as yet fairly concentrated. World production of vehicles over 15 tonnes came to about 480,000 units last year, with Daimler-Benz, including its Brazilian and Argentinian plants, making about 62,000 units, and Fiat, including IVECO and its own South American facilities, 41,000. In this sector, the leading American company was IH, with an output of 35,000, including Seddon Atkinson in Europe, followed by Mack (34,000), Ford (31,000), GM (25,000) and White (23,000). These were then followed by a mixed group of European and Japanese manufacturers—Volvo, Isuzu, Scania and Hino—who all produced about 20,000 of these heavyweight units last year.

These ratings bear little relationship at all to the pattern of total commercial vehicle manufacturing. When light, car-derived vans and pickups are added to the statistics, the Americans and Japanese dominate the picture, with GM, Ford and Toyota all producing more than 1m units. By contrast, no European manufacturer makes as many as 200,000 units on this basis. By taking a fairly arbitrary break point of six tonnes (about the weight at which, in Europe, drivers are required to have a heavy goods licence), the Europeans, however, do a little better, with Daimler-Benz (96,000 units last year) and IVECO (73,000), within range of Ford U.S. (107,000), GM (102,000), IH (77,000), and Toyota (63,000).

Where the Americans score over both the European and Japanese producers is in having a strong manufacturing base on two continents—the U.S. and Europe—and good distribution throughout the EEC. In the all-important 15 tonnes and over weight ranges, this is a potential strength at present. But it is clearly a position on which the U.S. producers intend to build. Within this weight range, for example, Ford of Europe, GM (through its Bedford subsidiary in the UK) and IH have recently developed new vehicles in the shape of the Ford Transcontinental, the Bedford TM and the Seddon Atkinson 400 Series. IH would have an even stronger position if the production of DAF in Holland, in which it has a 33 per cent stake, were also taken into account, but it is not at all clear what the U.S. company intends to do with this stake so far.

None of the new vehicles has made an enormous impact as yet. Production, in all three cases, has been running at about 3,000 units or fewer a year. But, with the new vehicles, they have all designed their way into the market, and in the case of Bedford and Ford, they have already established European distribution networks based on their car and light commercial vehicle franchises, which are capable of putting them in a highly competitive position within a few years.

PRODUCTION OF HEAVY COMMERCIAL VEHICLES OF MORE THAN 15 TONNES, 1977

Daimler-Benz	61,620
Fiat/IVECO	41,303
International Harvester	37,939
Mack	33,581
Ford	30,946
General Motors	24,899
White	22,441
Volvo	20,444
Isuzu	19,913
Saab-Scania	19,892
Hino	18,583
Renault Group	16,769
Kenworth	16,456
Mitsubishi	15,954
MAN	15,717
Peterbilt	11,385
Nissan Group	11,328
Leyland Vehicles	9,661

* The figures include subsidiaries.

Source: Daimler-Benz.

The European response to this American threat has been twofold. First, some manufacturers have hit back against the Americans in their home market. Daimler-Benz now distributes its vehicles widely throughout the Eastern states of the U.S. (using a truck made in its South American plants), and IVECO has followed. At the same time, Volvo, the Swedish manufacturer, has established another solid bridgehead, again in the eastern states: and, more recently, Renault Industrial Vehicles signed an agreement with Mack under which the U.S. company will market RVI's medium-weight trucks in the U.S. and Canada. All these producers feel that they can exploit gaps in the American market, particularly in sales of diesel-powered urban and inter-urban delivery vehicles.

Second, the Europeans are rationalising their own industry. The most celebrated move on this front has been the creation of IVECO, mainly at the instigation of Fiat, from Fiat's own plants in Italy, UNIC in France and Magirus Deutz in Germany. What has impressed competitors about this development is the speed at which the rationalisation has been pushed through. A new, unified range is swiftly emerging from this conglomeration of companies, along with an integrated system of buying parts and manufacturing components internally.

Takeover

Before the development of IVECO, however, Daimler-Benz had established the base for another large European group by the takeover of Hanomag-Henschel, which gave it an entree into lighter commercial vehicles, and the investment in its plant at Worth on the Rhine, which applied automation on a totally new scale to heavy vehicle production. This is now being followed in France by the merger of Saviem and Berliet, which has created a group with a capacity of about 17,000 units in the 15 tonnes and over range, and 35,000 vehicles overall. Although this merger took place in unpropitious market conditions, and has only created losses so far, rationalisation is going ahead, with Berliet emerging as the main heavy vehicle producer and Saviem as the medium weight producer.

The question now is whether there will be much further integration in Europe. In Germany, for instance, there is a possibility that MAN, the heavy vehicle manufacturer, and Volkswagen will come completely together following their decision to collaborate on a light truck in the 5-14 tonnes range, designed to extend VW's range into the heavier weights and MAN's into the lower. It would seem logical for them to get together more permanently.

In addition, there are continuing suggestions of further rationalisation among the other European groups, of which the main ones are Volvo and Scania (which have already tried to get together once), Leyland Vehicles, DAF (in which IH's 33 per cent stake might prove decisive in the future), and Chrysler (which despite the Peugeot takeover is only a moderate-sized producer of commercial vehicles).

Many analysts believe that further rationalisation will be necessary for some of these producers to stay competitive. The pressures against them are mounting because of the move towards indigenous production in the developing world, the increasing competition from Japan and the more efficient design and manufacturing methods of the U.S. companies.

In the developing world, for example, markets are gradually disappearing as the old colonial territories build up their own capacity: this has already happened to a large extent in India, and is beginning in Nigeria, now Britain's most important overseas commercial vehicle market. At the same time, the Japanese have been soaking up much of the new demand which has come along. The Middle East, where the Japanese producers were quicker off the mark than many competitors, has proved a striking example of this.

In competing with the Americans, the challenge which the Europeans face is that the U.S. companies can take advantage of international resources in research and development. This can be seen at Bedford, which uses diesel engines designed by its American parent, and at Seddon Atkinson, which has used IH's test facilities in designing its new range of vehicles. This inter-continental scale of competition is growing, and will create further pressure on the European to reduce costs.

Some companies are achieving these cost reductions by buying more proprietary parts, such as engines, gearboxes and axles, from specialist suppliers. But to a certain degree this brings them closer into the net of the U.S., because most of the more successful proprietary groups are American by origin.

Other vehicle assemblers, such as Daimler-Benz, have rationalised ruthlessly and automated more extensively than their rivals to remain competitive. The third alternative, most successfully followed by the Swedish manufacturers, has been to specialise in making high-quality, up-market vehicles, which have greater sophistication than competitive products, and which appeal more to drivers. The Swedish companies do not have much alternative to this approach because labour costs in Sweden mean that they could not afford to become simple assemblers of proprietary parts. They need to put as much added value as possible into their trucks.

Where the Swedes are weak is in not having a wider range of products extending down the weight scale. But at the moment their strength in the heavier weights of 15 tonnes and over is carrying them along.

These competitive issues are bound to raise their head strongly in the next five years or so because of the emergence of new products from most of the major companies, and big new investment plans at Ford (£400m in Europe), Leyland (£350m), and Saviem Berliet. Despite these plans, the market is not expected to grow very quickly. This year it has gone up overall in West Germany and the UK, but is badly down in Italy and static in France; and the West German figures mask the fact that the heavy vehicle market has been fairly flat. Medium-range forecasts indicate a total EEC market of about 900,000 units this year, rising by another 30,000 to 40,000 vehicles by the end of the decade. So there will not be a great deal of extra demand to soak up the extra capacity. That is likely to provide the recipe for further rationalisation.

COMMERCIAL VEHICLE PRODUCTION AND REGISTRATIONS, '000 1976-June 1978

	Production	New registrations
U.S.		
Year 1976	2,272.6	3,058.3
Year 1977	2,482.3	3,465.2
% increase	+9.3	+13.3
	7 mths. July	6 mths. June
1977	2,043.3	1,660.9
1978	2,209.9	1,837.0
% change	+ 8.2	+10.6
France		
Year 1976	423.2	293.1
Year 1977	415.4	298.4
% change	− 1.8	+ 1.8
Half year to June		
1977	225.9	156.9
1978	222.9	158.5
% change	− 1.3	+ 1.0
West Germany		
Year 1976	321.2	137.4
Year 1977	313.7	138.0
% change	− 2.3	+ 0.4
Half year to June		
1977	166.1	72.2
1978	145.7	79.6
% change	−12.3	+10.3

	Production	New registrations
Italy		
Year 1976	119.4	90.1
Year 1977	143.5	111.9
% change	+20.2	+24.2
Half year to June		
1977	77.1	62.9
1978	78.2	44.8
% change	+ 1.4	−28.8
Japan		
Year 1976	2,813.7	1,654.6
Year 1977	3,083.5	1,694.1
% change	+ 3.6	+ 2.4
Half year to June		
1977	1,497.9	877.0
1978	1,655.9	889.4
% change	+10.6	+ 1.4
UK		
Year 1976	372.0	214.5
Year 1977	386.0	230.9
% change	+ 3.8	+ 7.6
Half year to June		
1977	210.7	117.3
1978	215.9	133.7
% change	+ 2.5	+14.0

THE UK

Labour disputes cast a shadow

THE UK commercial vehicle industry splits neatly into two main sections, the first embracing the large-scale producers, and the second a number of specialist manufacturers with a much smaller volume base. This structure, which has become well-entrenched since the last war, has provided a relatively strong base for the industry in the UK. British manufacturers generally make more commercial vehicles than producers in any other European country, except the French from time to time. They have also delivered steady profits and developed a flourishing export trade.

Within the last three years, however, several questions have been raised about the long-term future of the British companies. In 1975, the UK Government had to go to the aid of Fodens, the Cheshire-based specialist, after it was caught out by the slump in the market after the oil crisis. This temporary problem is now resolved, but this year it has been followed by increasing evidence of a decline in performance at Leyland Vehicles, which has led to a large slump in profitability. At the same time, Chrysler UK's truck interests are now bound up in the bid made for the American-owned company by France's Peugeot-Citroen group. If the deal goes through, it could well mean changes in the company's business.

Profit

These problems have cast a shadow over the commercial vehicle sector at a time when fortunes ought to be reviving. The market in Britain this year has gone up substantially, providing good profit opportunities after a long spell in which heavy discounts have prevailed. Yet, despite these buoyant conditions, the UK producers have raised production only slightly. In the period to July, production went up by only 2 per cent on the same period last year, against a 14 per cent increase in the UK market. Looking at longer term trends, output has fallen by 8 per cent in the last quarter compared with the previous three months.

The statistics indicate that the main problems have been encountered at Leyland Vehicles (BL's heavy commercial vehicle division) and Ford. According to figures produced by the Society of Motor Manufacturers and Traders, Leyland's production has fallen from a weekly average of 689 units to 584, comparing the first six months of this year with 1977. Ford's went down from 2,952 to 2,615 in the same period.

Ford's problems, which were caused by labour disputes affecting output of its Transit van, along with production difficulties associated with the introduction of the new vehicle, now appear to have been overcome. Its weekly average output in June amounted to 3,419 units, well above its average in 1977. But Leyland, which has suffered a long closure of its Bathgate plant, had an average output of only 581 vehicles in the same month. Leyland's van production, on the other hand, which is carried out in BL Cars, has gone up slightly this year from a weekly average of 2,673 units to 2,683, although this has now entered a declining trend as well.

By far the most encouraging performance in the British industry so far this year has been Bedford's, the Vauxhall subsidiary, which has lifted output by 23.5 per cent to a weekly average of 2,417 units. This improvement is based on expanding sales of both its CF van, and the heavy TM range of trucks, which has been introduced progressively over the last three years. Double shifting has started in most of the company's commercial vehicle plants for the first time in many years, and there are signs that Bedford is beginning to establish itself in a solid way on the Continent, working through the General Motors' outlets.

Chrysler's production is also picking up—from an average weekly rate of 334 units a week last year to 362 in the first six months—and should receive another boost when its new range of light vehicles is launched early next year. Three of the country's smaller manufacturers—Seddon Atkinson, ERF and Hestair Dennis—are also doing well at present, with Seddon, owned by International Harvester of the U.S., virtually doubling output in the first six months to 101 units a week.

Because of the overall production problem, however, the UK manufacturers have been losing markets steadily in Britain this year. While sales have gone up by 14 per cent in the first seven months (to 147,861 units), their market share has dropped from 85 per cent to a little under 79 per cent. In the heavier category of trucks over 28 tons, importers now have more than 50 per cent, and for vehicles of 32 tons and over the proportion is even higher. Just as significantly, import penetration has been moving up in nearly every sector of the industry, particularly quickly in the very light vehicles, but also in medium-weight trucks.

The UK manufacturers' problems have been exacerbated by the fact that truck markets in Europe have been fairly stagnant this year. Continental producers have seen the opportunity in the one

CONTINUED ON PAGE VI

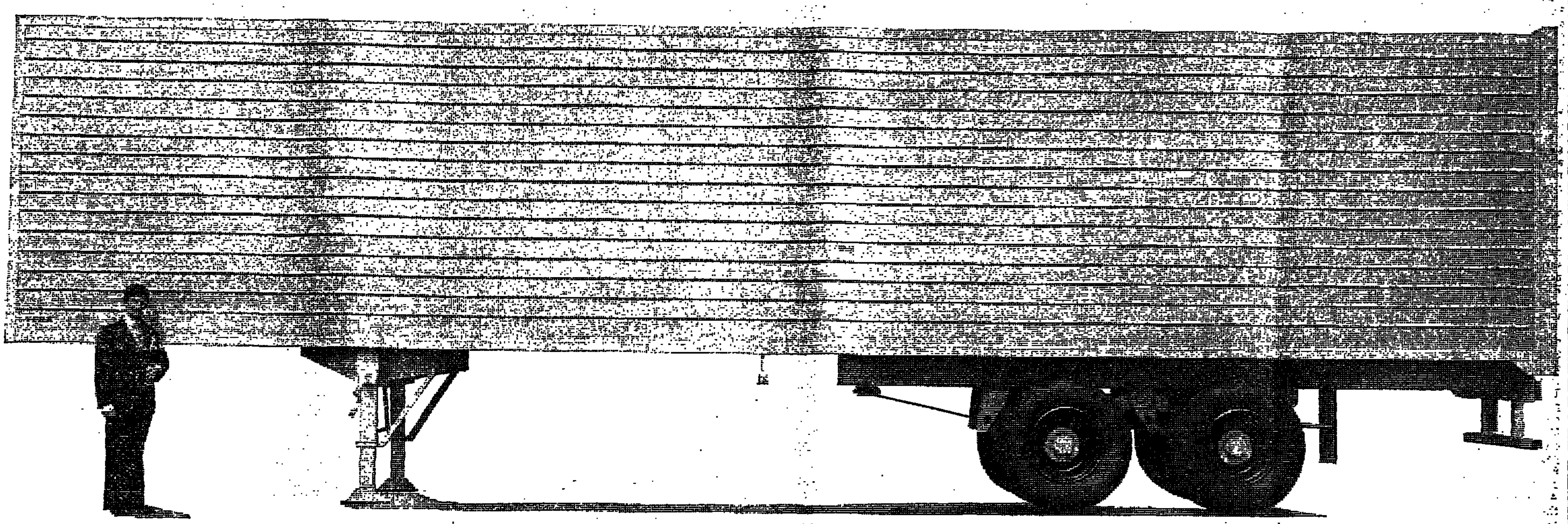
REGISTRATIONS OF NEW COMMERCIAL VEHICLES IN THE U.K. BY MANUFACTURER

	August 1978	August 1977	Total 8 months ended August 1978	Total 8 months ended August 1977
BRITISH				
Bedford	4,646	4,095	29,129	29,695
BL Cars	5,909	4,645	33,849	29,528
Leyland Vehicles	1,399	1,319	9,364	9,543
Chrysler	1,128	919	8,384	7,048
Ford	9,593	6,058	52,687	47,131
Hestair Dennis	29	7	226	198
ERF	228	199	1,700	1,299
Foden	148	116	821	767
Seddon Atkinson	343	265	2,407	2,126
Volvo	—	—	—	—
Others	78	75	526	461
Total British	22,601	17,698	139,093	127,796
IMPORTED				
Daf (Holland)	168	195	1,126	909
Ford (Holland)	21	27	179	204
Chrysler (France)	402	471	2,772	2,917
Citroen (France)	1	8	18	55
Fiat (France)	35	7	152	59
Peugeot (France)	171	30	627	106
Renault (France)	240	249	1,426	1,318
MAN (Germany)	45	30	247	199
Magirus-Deutz (Germany)	109	45	531	263
Mercedes-Benz (Germany)	435	293	2,673	2,033
Opel (Germany)	12	6	21	7
Volkswagen (Germany)	718	751	5,413	3,713
Fiat (Italy)	472	331	2,521	1,947
Daihatsu (Japan)	104	—	362	—
Datsun (Japan)	1,081	631	5,666	2,624
Honda (Japan)	531	384	2,231	1,796
Mazda (Japan)	445	196	1,825	1,011
Toyota (Japan)	771	464	4,229	1,924
Polski-Fiat (Poland)	100	—	120	—
Roman (Romania)	1	17	23	144
Chrysler (Spain)	16	5	105	60
Ford (Spain)	707	—	2,366	—
Scania (Sweden)	192	95	984	589
Volvo (Sweden)	350	293	2,641	1,867
Jeep (U.S.)	25	—	96	—
Others	30	29	197	216
Total imported	7,182	4,557	38,551	23,961
GRAND TOTAL	29,783	22,255	177,644	151,757

Source: SMMT.

[حلقة من الأصل

14 AWKWARD QUESTIONS TO ASK A TRAILER VAN SALESMAN.

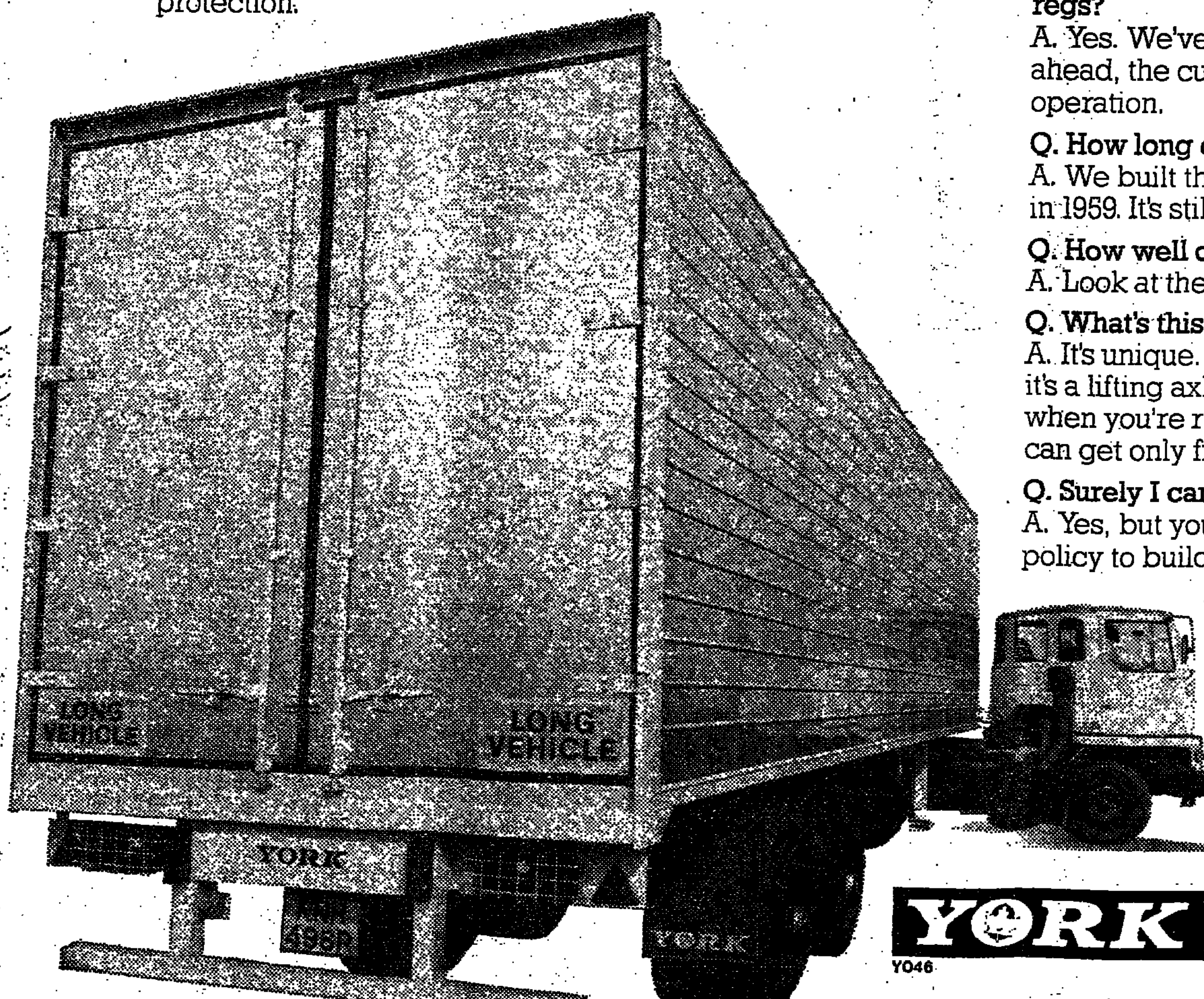


Q. I have always bought chassis vans. Why change to frameless construction?
A. The frameless van gives you more cube and more payload.

Q. But surely you lose rigidity and strength when you leave out a chassis?
A. On the contrary, the Freightmaster's monocoque construction is amazingly tough. It's the same principle as an aircraft's fuselage. Inherent strength without weight.

Q. But the floor must be weaker, mustn't it?
A. We put our 'I' beam cross-members at 12" centres. You can run a loaded fork-lift the length of the van.

Q. Do you save weight by using thin aluminium in the side walls?
A. No. We use thicker panels than normal for extra cargo protection.



Q. How about protection from the elements? And pilferers?
A. The Freightmaster is watertight. The drum-tight, one piece aluminium roof has all its rivets outside the cargo area. The doors are the same as those used on ocean-going containers and we use special double seals. And the patented raised rear header not only allows you to load up to the full height of the van, but it also incorporates a rain channel to force water away from the doors.

Q. What protection do I get?
A. We guarantee the Freightmaster for materials and workmanship for 12 months.

Q. What about after that?
A. York have 12 factory branches in the U.K. and a European network that is the envy of the industry.

Q. Talking about the EEC, does your van conform to all the regs?
A. Yes. We've been in Europe for 16 years. And, thinking ahead, the current Freightmaster is designed for 44 tonnes operation.

Q. How long can I expect my van to last?
A. We built the country's first frameless semi-trailer van in 1959. It's still hard at work.

Q. How well does your van hold its value?
A. Look at the used-trailer ads.

Q. What's this Hobo axle?
A. It's unique. And a genuine fuel and tyre saver. Basically it's a lifting axle which converts your tandem to a single when you're running half laden or empty. It's an option you can get only from York.

Q. Surely I can buy a cheaper van from someone else?
A. Yes, but you get what you pay for. It's always been York's policy to build up to a specification and not down to a price.

Q. Fair point but how long would I have to wait for delivery?
A. At the moment we can supply standard vans from stock.

Q. Where do I place my order?
A. York Trailer Company Limited, Northallerton, North Yorkshire.
Telephone: Northallerton 3155. Telex: 58600.

YORK FREIGHTMASTER

Y046

FRANCE

Sales flagging in a weak market

M. FRANCOIS ZANNOTTI is in the frustrating position of the man who has turned up too early for a train which is running very late. One day a fortnight ago M. Zannotti, the chairman of the vehicles subsidiary of the state-owned Renault Motor Company, stood at the saluting base near the company's works at Lyon under a hot late-summer sun and watched a parade of 48 vehicles representing the modernised and redesigned range of Berliet and Saviem trucks and buses.

The new ranges, for the most part medium and heavy vehicles, represented the first fruits of the merger of Berliet and Saviem. With the maximum of commonalty of parts, complementary in range, but maintaining the distinct identity of the two marques, the vehicles on parade indicated that Renault Vehicules Industriels now had products to launch it on its mission to reconquer the domestic market and carrying the French flag into export markets.

When next year the company unveils its F range—small delivery vehicles and vans—the process of renewal of its models will be largely completed.

But while RVI put on a brave show under the sun, it was clear that M. Zannotti's mood was anything but sunny. For Renault is labouring under a recession which has pushed sales back to the level they were 10 years ago. Earlier this year it was possible to claim that at least part of the lack of investment was due to wait-and-see attitudes among hauliers in the period before the election. But the election has been held and won for the conservatives and still there is no sign of a recovery.

The market for vehicles of more than five tonnes has fallen by a quarter over the three years. In 1976 the market was 10 per cent down on that of the previous year. In 1977 there was a further decline of 6 per cent in registrations. In the first seven months of 1978 registrations were running at 13 per cent below their 1977 level.

Prices have suffered. A ferocious discount war unleashed by importers saw up to 40 per cent being knocked off prices around the end of last year and average discounts of 25 to 30 per cent being offered. While this kept work in the factories it represented a haemorrhage of cash which caused RVI to pull out of the war at the risk of losing market share. Even now, with the worst of the price-cutting over, M. Zannotti reckons that prices are still some 17 per cent below their "pre-war" level.

The state of the market has been a serious blow for RVI. It has on its hand a FFr 5bn investment programme to modernise its range, installations and commercial network, and strong sales were required to provide the cash flow to maintain the momentum of the programme. The depression in the market has caused the programme to be stretched out, though what M. Zannotti calls "hard core" investments in new plant and equipment have been carried out on schedule.

The parent company, Regie Renault, has also maintained its programme of capital support for its subsidiary of subscribing FFr 1.4bn of new capital to RVI over five years.

Last year RVI turned in losses of some FFr 250m. So far this year losses are running at more severe levels, which means that operating losses are probably very substantial indeed, since last year's deficit was exacerbated by the separation money paid to workers to take early retirement. All told some 1,800 workers are in the process of being shed, and M. Zannotti's remarks about the need to be able to adjust manning levels to the size required to fulfil market demand leaves little doubt that more is to come. The company is carrying stocks of 10,000 vehicles.

If RVI is unfortunate in having to launch new models on to an unreceptive market, the same problem of lack of market buoyancy has made it unable to profit from the Government's decision to restore to the industry freedom to set its own prices within the limits of "non-abuse of freedom." Commercial vehicles were one of the first sectors to be liberalised, but the 5 per cent increase RVI imposed is a meagre compensation for the loss of income caused, above all, by the refusal of successive governments to permit companies to reduce their labour force in line with production.

The requirement to hoard labour was one of the reasons for the downfall of the excavation equipment manufacturer Poclain: it is one of the reasons for the crisis in the French steel industry; and on a more minor scale the tardiness with which the Government finally permitted a minor compression of the workforce at RVI effectively circumscribed the ability of management to respond quickly to changed market conditions.

While the restoration of price freedom has caught the headlines, for many companies a more pertinent test of the Government's new policy of economic liberalism or non-dirigisme will be the freedom to adjust the size of the workforce.

If the home market has been disastrous, the export market has been little better. Exports provide around a third of the FFr 8bn turnover of the RVI group but an uncomfortable proportion of the sales have been in politically sensitive markets, particularly in North Africa. The company hopes that the new range will enable it to challenge more effectively within Europe, although it is hoping that it will carry off a substantial contract now being awarded to develop commercial vehicle manufacture in Algeria.

On the export front RVI is one of the French companies which feels the urgency of establishing a presence on the American market (which, in fact, represents almost a third of the world market for commercial vehicles). To this end it has signed an outline agreement under which Mack of the U.S. will market Renault medium range diesel trucks in North America. If the accord can be hardened up and if American investors are convinced by the long-term arguments in favour of diesel, this agreement could increase significantly the volume at RVI factories in France.

The planned acquisition by Peugeot-Citroen of the European manufacturing and commercial interests of Chrysler has brought a new factor into the French commercial vehicle market.

All the French companies have had a solid presence in the market for urban delivery vehicles, ranging from small Fourgonettes (a Deux Chevaux or Renault 4 with a van configuration) to larger grocery vans of up to 5 tonnes. But up to now RVI has been the only French representative in the heavier end of the market with the exception of UNIC, the French subsidiary of Fiat, which manufactures in France.

Peugeot will now be acquiring Chrysler's Dodge operations, based in Spain and the UK. It is far too early to know whether Peugeot intends to develop all the operations it has inherited from Chrysler, and since the commercial vehicles operations are broadly profitable there is no pressure on the French company to make up its mind. However, it would be strange if there were not at least conversations between Renault and Peugeot at some stage about the likely evolution of their respective businesses.

The maximum authorised weight of vehicles on French roads (lorry plus trailer) is 38 tonnes, and it is in this category that the market has grown the most substantially since. It accounts for around a quarter by volume of sales of vehicles of more than 6 tonnes. It is also one of the most competitive sectors with RVI, Volvo, Scania, Mercedes-Benz and IVECO all present.

A second important market segment is for vehicles falling within the regulations which lay down a maximum of 13 tonnes rear axle weight and 6 tonnes front axle weight (19 tonnes all told) for a four-wheeled lorry. The field is slightly thinner here but the competition nonetheless severe.

Finally there is the sector of vehicles of two, three or four tonnes for urban distribution, which the French companies fight for among themselves. Renault is at a distinct disadvantage here with a range averaging some 15 years of age, but it is precisely here that it is investing some FFr 1bn to produce its F range, which should be unveiled in around a year from now.

At all events, given France's rapid urbanisation over the past two decades (in 1958, when De Gaulle came back into power, more than 25 per cent of the active population were on the land, now there are fewer than 7 per cent), it is this sector, and the related one of urban transport, which is usually singled out as being set for considerable expansion. The top end of the range, because of the expansion of transcontinental transport (you can get practically from Amsterdam to Barcelona without leaving motorways), is also regarded as being promising in the long run.

Over the first six months of this year registrations of trucks of over six tonnes showed Renault with 48 per cent of the market, IVECO with some 20 per cent (of which approaching two-thirds was UNIC vehicles produced in France), Mercedes-Benz with 15 per cent and Volvo with 7 per cent.

At the moment these manufacturers are scrabbling over a declining market. If, when the market finally recovers (and provided the French Government permits the necessary adjustments of manpower to market needs) Renault does not find itself making inroads against the importers at home and diversifying its markets overseas there will be some very anguished reappraisal to be made by both Government and industry.

David Curry

WEST GERMANY

Sharp fall in export orders

AFTER TWO years of almost uninterrupted boom, which began with the West German economy's recovery from recession in 1975, the commercial vehicle industry has found itself coming down to earth during the current year. During the first seven months of 1978, according to statistics put out by the motor industry trade association Verband der Automobilindustrie (VDA), commercial vehicle production was down by 7 per cent from the same period of 1977. From a total of 181,930 units, it fell in the January-July period to 168,600 units for the current year.

Figures for the industry's exports go a long way towards explaining this somewhat abrupt change in circumstances. For the first five months of 1978 (the last period for which full data has been published), shipments abroad of commercial vehicles were running 22 per cent below their level during the corresponding period of 1977. There was no sign, the VDA reported, of any significant improvement in the export orders outlook. Domestically, the industry has been fortunate to benefit from substantial orders from the public sector (notably the armed forces), as well as from the boom in the construction sector.

Climb

No factor has carried greater weight in this turn in the industry's fortunes than the steady climb in the external value of the Deutschemark. Because West German industry as a whole has historically weathered successive revaluations rather better than it expected to at the time, it has often been assumed abroad that it would have no trouble doing so again. Yet the continuing decline of the dollar, now worth nearly 20 per cent less against the D-Mark than it was two years ago, has begun to have a demonstrable and serious effect on West German export competitivity. The problem is less one of direct exports by the commercial vehicle industry to the U.S. market: it is more a matter of the disadvantage which the industry suffers in third markets where the prices of competitors are denominated either in dollars or in currencies that have appreciated less against the dollar than the D-Mark has done.

Some of these difficulties have been masked during the past year or two by the success which German builders of trucks, buses and other utility vehicles managed to win in opening up new markets. Most noticeable was their drive to sell in the Middle East in the years immediately following the steep oil price rises of 1973 and 1974. German commercial vehicle builders could be said to have responded quicker than virtually any other industry in a major oil-consuming country to the new opportunities that were opened up by the combination of suddenly increased wealth and a hearty appetite for capital equipment on the part of Middle Eastern governments. The West Germans were helped, no doubt, by their reputation for building vehicles tough enough to stand up to hard use on poor roads—an advantage that, for customers who could afford it, plainly outweighed the price differential.

Besides achieving important export successes in the Middle East, the West German utility vehicle builders responded to the 1974-75 recession with increased sales efforts in other relatively new markets, such as Eastern Europe and the non-oil producing developing countries. Some of this new business, including the OPEC countries, has turned out to be sporadic, so that the lower levels of export orders during the current year are in part due to the fact that the very large contracts won two or three years ago are now running down and have not been followed up. The industry, like others in West Germany, is having to live with the feast-or-famine nature of a new type of customer.

In the meantime the German manufacturers are also working to strengthen their direct presence in overseas markets. If Volkswagen's decision to manufacture cars in the U.S. market was a momentous one for the West German motor industry, it was perhaps no more so than the policy which Daimler-Benz, the giant of the commercial vehicles sector, has been quietly following for a good many years. The company now has truck-manufacturing plants in Argentina, Brazil, Spain, Yugoslavia, Turkey, Iran and South Africa, with assembly plants in nearly 30 other countries.

On a somewhat smaller scale, Maschinen-Fabrik Augsburg—Nürnberg (MAN), has assembly plants in South Africa and Australia as well as a 30 per cent stake in a manufacturing plant in Turkey. Negotiations have been under way for several years for the group to undertake a joint venture with Algeria for the establishment of an entire, 30,000 units a year truck and bus industry.

Response

In all, overseas production probably represents between a fifth and a quarter of the West German commercial vehicle builders' output this year. They see it as the inevitable response to the combination of a dear D-mark and an ever-rising relative wage cost factor. The prospect is, therefore, that the Germans will continue to look for opportunities to build or assemble vehicles outside West Germany itself, and that the relative share of direct exports to domestic production will never again reach the record ratio of two-to-one achieved in 1974.

Meanwhile, however, the North American market is becoming an increasingly attractive one for utility vehicle builders, no less than for West German private car makers. Daimler-Benz has not only taken steps to strengthen its sales and spare parts networks, but has also perhaps given a hint of things to come with its acquisition of Euclid, the U.S. builder of very heavy trucks and earth movers. Few observers doubt that the Stuttgart-based group will be looking carefully at other oportunities to build itself a foothold in the North American continent.

As important as the world-wide picture is, however, it is including the home market—which dominates the immediate thinking of the West German manufacturers. The last decade has seen extensive rationalisation in the industry, with a good many smaller companies either finding themselves absorbed into the larger groups or turning to special purpose vehicles built on a relatively small scale. For the future, no one doubts that competition is going to become increasingly tough in Western Europe and that only those commercial vehicle builders that have modernised their plant, rationalised their manpower and built up their financial and commercial strength are going to survive.

Daimler-Benz, which is Europe's biggest producer of utility vehicles, has long been preparing itself to defend its market share and its competitivity through an extensive programme of plant modernisation and adaptation. This includes, at the Bremen works, for example, the ability to switch from light commercial vehicle building to passenger the West European market—car production. The chairman, Herr Joachim Zahn, nonetheless warned the company's annual meeting at the end of June that with over-capacity and weak demand, competition would become still keener. This year, he made clear, Daimler-Benz will be doing well if it can defend a world-wide production that came to just under 250,000 utility vehicles of all kinds in 1977.

While Daimler-Benz is unlikely to be directly challenged by any of its West German competitors for primacy of place, it has not been alone in looking for ways to ensure its future. Kloeckner-Humboldt-Deutz, the Cologne-based diesel engine and mechanical engineering concern, has pooled its commercial vehicle interests with Fiat in Industrial Vehicles Corporation or IVECO, in which it has 20 per cent, with the Italian giant holding the remainder. Total sales of the joint venture, which has its headquarters in the Netherlands, reached 109,000 units in 1977, with first-half results indicating some slowdown in 1978.

Meanwhile, MAN is also now set to strengthen its position. The company, which is a subsidiary of the big mechanical engineering and machinery group Gutehoffnungshütte, has received the go-ahead from the federal cartel office for a co-operation agreement with Volkswagen for joint development and production of a new series of trucks in the 6-9 tonne range, where neither company at present competes with either Daimler-Benz or IVECO. It is too soon to predict what may come of this deal, but many observers are already anticipating the emergence of a new force in the West German and European commercial vehicle market. Volkswagen, the market leader in the passenger car market, has for several years been offering a series of vans and pick-up trucks, but its well-known interest in diversifying its product range further suggests that it is interested in becoming a fully-fledged competitor in the heavy end of the business too.

Adrian Dicks

ITALY

Integrated stake in Europe

COMMERCIAL vehicles represent for Italy perhaps the first experiment in European industrial integration. With the creation three years ago of IVECO, or the Industrial Vehicles Corporation, grouping together Fiat's truck interests with those of UNIC in France and Magirus Deutz in West Germany, and with Fiat controlling 80 per cent of the company and Klockner-Humbolt-Deutz the other 20 per cent, the first effectively European industrial group was set up.

The logic of the operation forms part of the long-term policy of the Fiat group, Italy's largest private enterprise, whose turnover is expected this year to total about L13,000bn. It centres on the basic concept that to compete wih the large-scale American and Japanese companies it is essential for European manufacturers to rationalise their operations and create a truly European market with competitive European enterprises.

In the U.S., Fiat repeatedly points out, there are six major manufacturers for a domestic annual market demand of about 1.4m vehicles, while in Europe there are as many as 20 manufacturers for an annual European market demand of barely 500,000 commercial vehicles. Only through widescale co-operation and integration between manufacturers can European producers hope to maintain and indeed increase their share of European and world markets.

IVECO today controls about 36 per cent of the Italian domestic market, with sales in Italy last year totalling some 42,356 commercial vehicles, or 11 per cent fewer than in 1976. During the first six months of this year IVECO's turnover in Italy amounted to 21,000 vehicles or 17.5 per cent less than during the corresponding period last year. IVECO's overall sales last year totalled 108,376 vehicles.

In France, IVECO's market penetration grew last year to 15.1 per cent, although during the first six months of this year, with sales dropping, its presence on the French market declined to 13.2 per cent. In Germany, too, where market penetration reached 15.9 per cent last year, IVECO has lost some ground and currently holds about 13.8 per cent of the market.

In large measure this reflects the present difficulties of the commercial vehicles sector as a result of the continuing economic uncertainties affecting the main European markets still conditioned to a certain extent by restrictive measures, while the necessary supporting action from the authorities has yet to take solid shape.

In Italy the Government is now attempting to win all-party and trade union consensus for its long-awaited and much overdue economic recovery programme. It proposes to stimulate the economy over the next three years so long as it can secure agreement to introduce a series of fundamental measures to lay the basis for a sustained and stable level of growth during the coming years.

To this end it is proposing to reduce above all the continuing expansion of the country's public borrowing requirement and the rise in labour costs. It is now attempting to persuade the trade unions to moderate wage claims and the political parties to recognise the need to reform the country's chaotic pensions system.

Failed

Although previous piece-meal attempts to introduce such reforms have failed, there are signs that the Government may be able to win support for its so-called three-year (1979-81) economic recovery programme. Indeed there is at present a relative degree of political stability, and the trade union leadership has indicated its willingness to adopt more moderate policies, although the labour rank and file so far does not appear to share these sentiments.

The Italian authorities have indicated this month their intention to promote a recovery of the country's flagging industrial output by reducing by one point to 10.5 per cent the central bank's discount rate. This move has since been followed by a similar reduction in the lending rate of leading commercial banks to prime borrowers. However, although the dear money

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Strong world presence

HE SWEDES have carved out share of the world heavy uck market quite dispropor- nate to their population of a. Between them Volvo and ab-Scania produce roughly ,000 trucks a year in the nge from 16-tonne and up- rds. Were they to merge— they almost did in 1977— is would make them second ly to Mercedes in this cate- ry.

In its own right Volvo: with output of 20,400 trucks in e 16-tonne range last year, nked third in Europe behind ercedes and the IVECO group d sixth in the world. Scania, ose income of just under r 4bn ($845m) from trucks d buses was only slightly be- v Volvo's, could almost cer- nly show a higher sales ure in the category because its specialisation in the aviest and most expensive odels.

Both the Swedish manufac- rers bank on reliability, long e and good marketing back- . Their prices are generally gher than those of their rivals t they pitch their sales to cus- ners who regard trucks as estment rather than con- mer products. "We are not the lower price ranges but e total transport economics of r trucks are fully competi- e," says Mr. Bertil Krook, e-president in charge of lvo's marketing.

More significantly, both ania and the Volvo truck ision feel that they have ough technological and finan- l muscle to survive on their n, whatever may be the fate the car divisions in their ent groups. This is partly a tter of technical pride. The gineers have seen a steady owth in the number of trucks d and have faith in the pro- ct developments in the pipe- e.

But they are also backed by ir financial experts. During past three years of recession Volvo truck and bus ision has returned a consis- t 11 per cent on capital ployed (all assets except rt-term notes and cash). ce 1969 it has been able invest some SKr 1bn ($220m) product development alone. aab-Scania supplies no profit breakdown by division but Scania, which has had to "carry" the loss-making Saab car operation for years, claims to have an even better profitability record than that of Volvo trucks. *Affärsvärlden*, the Stockholm business weekly which has a good insight into Swedish company affairs, estimated that, including returns from the Volkswagen and Audi agency for which it holds the Swedish franchise, Scania earned a profit of over SKr 500m ($110m) last year.

Confidence

The Volvo and Scania truck makers' confidence in their ability to develop the products and generate the cash for expansion is also boosted by the belief that their operations conform to the new approach now emerging from a rather battered Swedish industry in general. They are already making the advanced technology products, tailor-made instead of produced in series and with high added value, on which it is argued Swedish industry must increasingly concentrate.

However, the decision to go it alone could have a cut-throat aspect. In Brazil, for instance, a clash is building up between Volvo and Scania which could generate a lot of bitterness. Volvo is going ahead with a joint venture to produce buses and later trucks in Brazil, where Scania already has a wholly owned factory and supplied 40 per cent of the heavy trucks sold in the country last year. Scania has an expansion programme underway in Brazil but this year the truck market there declined substantially and Scania also had trouble with local unions.

On the technical side the approach is again very similar. Product development is a continuing process and both maintain a high standard of quality control as an essential part of their market image. Over the last five years both Volvo and Scania have renewed their product ranges, one of several factors inducing an air of quiet confidence in both Gothenburg and Södertälje before the truck business's "battle of Europe."

Sweden offers a hopelessly insufficient home market and both Volvo and Scania export around 85 per cent of their trucks and buses. They have seized as their "home" market the Nordic bloc as a whole, where they completely dominate. But the need to export has compelled both to invest heavily in production and assembly units abroad and, above all, in the servicing of their dealers.

Both have concentrated on the European market but both have penetrated other trading areas, Scania in South America and Volvo in Australia and Iran. Further marketing expansion is on the way. After two years' careful preparation on the eastern seaboard Volvo is bidding for a share of the U.S. market for distribution and construction trucks through its arrangement with Freightliner, while Scania has new assembly plants in Iraq and Tanzania.

Yet despite their similarities it is not accurate to lump the Swedish truck makers together. They compete intensively both on their Nordic "home" market and abroad, even more so since the breakdown of the merger negotiations between their parent organisations last year. In fact the truck makers on both sides were among the keenest opponents of the merger scheme.

A non-Swedish observer, noting the new constellations being formed by other truck manufacturers in order to compete on an increasingly tough market, would consider it logical for the Swedes to combine forces. Not all Swedes themselves see it that way. The Scania men argued during the last year's negotiations that a merger and rationalisation of the joint product range would result in an abrupt decline in the 90 per cent share of the Nordic markets they now enjoy.

On the other hand the overall results so far available for the first months of 1978 indicate that both Swedish manufacturers have been doing well in competition with other truckmakers. Thus in the 10 West European countries where it sells most Volvo increased the number of trucks over 16 tonnes delivered by 14 per cent compared with a total market growth of 3.6 per cent during the first half. Volvo's deliveries in the over 10-tonne category were up 12.2 per cent against a 2.7 per cent general growth.

Volvo took 51 per cent of the Swedish market in the 16-tonne category and 54 per cent over 10 tonnes. It supplied 46 per cent of Portuguese registrations over 16 tonnes in the first five months of 1978 and was the market leader in Denmark, (39 per cent), Norway (35 per cent) and Belgium (20 per cent). Its biggest market was Britain, where Volvo sold 2,092 trucks above 16 tonnes, giving it a 16 per cent market share, during the first half. It claims to be the market leader in Britain for vehicles over 20 tonnes.

After Brazil, Volvo's most ambitious current project is the agreement with Freightliner in the U.S. For two years Volvo has been marketing its distribution trucks—produced in Ghent, Belgium—in the New York and Boston areas. Co-operation with Freightliner gives access for these vehicles to some 200 dealers nationwide, while the U.S. company complements its heavy truck range with the lighter Volvo vehicles. Volvo is not marketing its long-haul F-10s and F-12s in the U.S.

Strategy

The Gothenburg company's marketing strategy develops from its so-called basic markets in the Nordic bloc, Western Europe and those overseas countries where it has assembly plants, such as Australia, Iran, Peru and Morocco. These are complemented by the "introduction" markets in West Germany, Italy and the U.S., highly industrialised countries with strong domestic truck industries, into which Volvo is now trying to penetrate. It showed its new F-10s and F-12s for the first time at Frankfurt last year.

Its products are designed for these markets and subsequently adapted for the developing countries. In 1973 Volvo introduced its front-controlled N series heavy-duty trucks. These were followed in 1975 by a new series of medium-sized, cab-over-engine trucks designed for short-haul distribution work and produced in the Ghent factory.

Finally, last year the F-10s and F-12s completed the range. This year's innovation has been a six-cylinder four-litre diesel for city transport. In 1977 Volvo made 25,200 commercial vehicles, of which 20,400 were in the over 16-tonne class.

In the same year Scania sold 20,700 vehicles, of which about 18,800 were trucks. Roughly one-third of its production goes to the Nordic countries and another third to the rest of Europe, but Brazil, where over 4,000 vehicles were sold last year, is its largest single market. Scania also has a manufacturing plant in Argentina which produced around 450 trucks last year. Like Volvo, Scania has a gate into the EEC through its Dutch assembly operation at Zwolle, where 4,700 trucks were produced last year. Most components are freighted from Sweden to Holland.

The mainstay of the Scania range comprises three basic diesel engines of eight, 11 and 14 litres, all available in turbocharged versions. These engines power three series, the smaller 81 and 86, the medium-range 111 and the heavy 141 and 146. The various wheelbase alternatives in each series add up to a total of about 150 different models.

Scania has put much effort in recent years into developing its largest, low-revving V8 diesel, the latest edition of which was introduced last year. The company believes that it represents a significant advance in driver comfort, the high torque developed at lower and broader engines speed ranges appreciably reducing the need for gear changing. A truck with double front axles was also developed last year.

Production during the first half of 1978 was more than 11,000 trucks and buses or roughly the same as during the first half of last year. Scania has done particularly well in Tanzania, where it sold more trucks in the first six months than during the whole of last year, and has made a breakthrough in South Korea, where 250 vehicles were delivered against no sales at all in 1977.

William Dullforce
Nordic Correspondent

The assembly line in the chassis works at Scania's Södertälje plant.

Integrated

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situation appears to be easing off, the key question remains the problem of labour costs, where the annual increase has averaged as much as 16.9 per cent during the past three years.

None the less, despite this still uncertain if somewhat improved outlook, the commercial vehicles sector in Italy has continued on its so-called "European" course. In July Fiat announced that it was joining forces with the French Peugeot-Citroen group for the design and manufacture of a new light commercial vehicle.

Although few technical details of the proposed new vehicle have so far been disclosed, production facilities are to be built at Val di Sangro in the Abruzzi. The investment, valued at some L241bn (about £153m), will be through a joint company and the production of component parts for the new van model will be so arranged as to ensure a satisfactory balance between the two groups.

Initial production targets are believed to provide for some 80,000 units annually of a 10 cwt and 13 cwt model which will have an optional petrol or diesel engine. The new model, according to Fiat, is a further application of the group's policy of stressing the investment and commercial logic of joint ventures in the European motor industry.

The central role of Fiat in promoting such an European approach is not only clearly demonstrated by the IVECO venture and the new deal with Peugeot-Citroen. The Italian company has also been a driving force in the new combined light diesel engine plant in Sicily for lightweight vans which has brought it together with Saviem, the Renault commercial vehicles subsidiary, and the Italian State-controlled car manufacturing group, Alfa Romeo. It is now negotiating with Daimler-Benz a project for the construction of a new joint heavy duty automatic transmission for urban buses, and is currently working with Volkswagen on gearboxes.

But IVECO, and indeed the entire Fiat logic, does not stop in Europe. The commercial vehicles group, which last year reported an overall turnover of some $2.9bn.—of which nearly $1.8bn was accounted for by the Italian operations—has continually attempted to increase its presence in African and Middle East markets. These now represent about 30 per cent of the overall group turnover, and Fiat has sought to promote various forms of collaboration and participations in specific countries like the Libyan Trucks and Nigerian Trucks ventures.

In Latin America, where Fiat sales totalled some 12,000 units, a figure which the group hopes to double by 1982, a new company has been formed to co-ordinate all the activities of IVECO's Latin American subsidiaries. In North America a commercial company called IVECO Trucks of North America has been established to promote sales in the U.S. and Canadian markets.

In line with its broad rationalisation programme to give the group greater competitivity and flexibility, Fiat is now about to complete a major reorganisation started in 1970 which will transform Italy's biggest private industrial group into a series of operating companies. These will be under the control of a central holding company and will therefore benefit from increased elasticity and independence. At the same time, through ventures like IVECO, the Turin group clearly intends to project itself as a major international company organised in an international way.

In so doing it feels it can generate the sort of firm competitivity to challenge the U.S. producers, now accounting for about 30 per cent of European vehicle production, and the Japanese. Though its arguments for European integration and collaboration are often shrouded in rhetoric, they are nevertheless prompted by a basic sense of commercial logic.

Paul Betts

JAPAN

Exports doubled over five years

ALTHOUGH Japan has conquered the world with its small cars during the past few years its motor industry originally developed after the war on the basis of the local market for commercial vehicles. As recently as 1966 truck registrations (including everything from light vans to heavy lorries) exceeded car registrations by 75 per cent (1.3m trucks and 740,000 cars).

The typical "truck" of the 1950s and early 1960s was a sturdy pick-up or small lorry with a payload ranging from one to four tonnes suitable for use on the unpaved roads which covered much of Japan in those days and priced so as to be easily within the means of the smaller businessman. Another vehicle popular in Japan from the early post-war days to the late 1960s was the 360 cc mini-truck.

The market for mini-trucks (and minicars) began to decline steeply from the early 1970s onwards and has now virtually reached zero. Truck registrations in total have also flattened out during the past few years. The 1977 figure for all types of trucks was 1.67m, nearly 300,000 below the 1973 peak of 1.95m. Truck registrations, however, still constitute around 40 per cent. of all new vehicle registrations.

While the domestic market for trucks and commercial vehicles has stagnated in the past five years exports have more than doubled, rising from 606,000 vehicles in 1973 to 1.36m last year. The reason for the sharp contrast between domestic and overseas sales lies mainly in the striking success of Japanese pick-up trucks in the U.S. market, which in turn harks back (somewhat surprisingly) to the EEC "chicken war" of the early 1960s.

At the beginning of the 1960s Volkswagen was selling pick-ups with some success in the U.S. but its sales virtually ended in 1964 when the U.S. slapped a 25 per cent import duty on pick-up trucks costing $1,000 or more fob in retaliation for EEC restraints on chicken imports from the U.S. The duty failed to hit Japanese pick-up trucks, which were priced just below $1,000 in the mid-1960s, and thus had the effect of giving Toyota and Nissan (the top two Japanese exporters) a virtual monopoly of the fast growing U.S. pick-up market.

Prices for Japanese pick-up trucks subsequently exceeded $1,000 but this problem was circumvented for a while by the device of shipping the chassis and rear body separately from Japan and having them assembled in the U.S. (in Toyota's case the chassis only is shipped from Japan). The result has been that pick-ups have maintained a consistently large share in total Japanese vehicle exports to the U.S.

In the first eight months of this year exports of pick-ups totalled 241,000 units and accounted for 45 per cent of all Japanese vehicle exports to the U.S. Prices of even the dis-assembled chassis have now risen above $1,000 but Japan has hopes of persuading the U.S. to revoke the 25 per cent duty as part of this year's Tokyo round tariff-cutting package.

The success of Japanese car exports to Britain has been based partly on sales of a type of vehicle which is classified in Japan as a "light van" (and which thus belongs officially in the category of trucks and commercial vehicles) but which is classed in the UK as an estate car or station wagon.

Japanese light vans are adapted from the saloon versions of small cars such as the Toyota or Coralla or Nissan Sunny by the addition of a station wagon type rear-loading door and a collapsible rear seat which can be flattened to provide goods-carrying capacity of over one cubic metre. Light vans, according to the Japanese classification, can have the same number of windows as passenger cars so that the only difference between a van and car lies in the seat and goods capacity.

The distinction between the two types of vehicles carries a 40 per cent tax advantage in Japan. In Britain it became significant early in 1977 when Japanese vehicle exporters were trying to step up their sales in the face of a "gentlemen's agreement" which limited Japan's car sales to a specified share of the British market. Japan shipped 12,435 commercial vehicles to Britain in the first eight months of 1977, of which no fewer than 7,331 were "light vans" of a type which appear indistinguishable from estate cars to British drivers.

Another Japanese success in the UK has been the sale of light, four-wheel drive, jeep-type vehicles similar to but smaller than the Land Rover. Sales of all types of Japanese commercial vehicles in the UK are now subject, however, to Government-to-Government agreement which will freeze 1978 shipments at or below the levels of 1977.

On a unit basis Japan's production of commercial vehicles remains overwhelmingly orientated towards vehicles with a payload of two tonnes or less (1.9m vehicles in this capacity were produced in 1977). Next come trucks with a 3- to 4-tonne payload (500,000 vehicles in 1977). Production of heavier trucks with a 5-tonne payload and upwards totalled 102,000 in 1977. The heavy end of the Japanese vehicle industry is dominated by specialists such as Hino, Isuzu and Nissan Diesel. In pick-ups and light vans the market leaders are the main car manufacturers—Toyota and Nissan.

Charles Smith

The Daihatsu four-wheel drive has a 1.6 litre engine and is smaller and cheaper than the Land Rover. About 1,000 are being imported into the UK this year.

HEAVY TRUCKS

Fierce fighting for the European cake

THE EUROPEAN market for trucks — in this context vehicles of 3½ tonnes gross vehicle weight and above — is the most competitive in the world. At the top end, say for trucks of over 24 tonnes, it is also the most densely populated in the world. Small- and medium-sized companies vie with the giant multinationals in a sector which should be offering more scope for profits, given the higher added-value involved in the big trucks.

But many of the European manufacturers geared up for growth which did not materialise. So there is overcapacity. Even the most optimistic forecasters see only a 1 to 2 per cent a year volume growth in truck sales in Europe in the medium term — certainly not enough to take up the current slack.

In this part of the commercial vehicle market the customers buy only if they really need a new vehicle. A big truck needs to earn about £400 a week just to pay its keep, so demand tends to keep in step with economic activity.

The fierce competition seems unlikely to diminish. The North Americans, in particular Ford and International Harvester, seem to feel that their size entitles them to a bigger share of the European market and are taking steps towards that end.

Then there is the potential threat posed by the Japanese truck makers, who could provide serious competition before long. There have been protectionist protests and suggestions that the Japanese should be "kept out of Europe." But the reality is that the Japanese are here already. Hino has an assembly plant in Belgium all ready to go. No doubt other plants will be set up elsewhere in the Common Market area, perhaps not by the Japanese themselves but by local organisations "fronting" for them.

The Japanese have a reputation, deserved or otherwise, for seriously disturbing the price structures in any new market they are attempting to open up for themselves. In the case of trucks in Europe, however, there seems so much disturbance already that a little more stirring of the pot would scarcely be noticed. Price cutting, or to use the industry's euphemism, "discounting" is widespread and cut-throat.

This is even the case in the UK where sales have been particularly buoyant. Last year the over-3½-tonnes market increased by 7.3 per cent to 61,486 units. Registrations in the first six months of 1978 were up 12.5 per cent on the first half of 1977 and it seems reasonable to estimate some 70,000 units might be sold this year—given that the International Motor Show and the new truck models that go with it should give a lift to registrations in the last part of 1978.

Split

In the UK the total truck market can conveniently be split into four segments: "light trucks" of between 3½ and six tonnes gvw; "city delivery trucks" of six to 14½ tonnes; "inter city and construction" of 14½ to 28 tonnes and "extra heavy duty" of 28 tonnes and above. The "city delivery" sector is by far the biggest in unit terms and accounts for 40 per cent of total truck registrations. "Inter city and construction" trucks have 25 per cent, "extra heavy duty" 22 per cent and "light" trucks 13 per cent of the market respectively.

In all but the "extra heavy duty" part of the market, the UK's "Big Four" manufacturers, Ford, Leyland, Dodge (owned by Chrysler and potentially Peugeot-Citroen) and Bedford (General Motors), tend to dominate.

In 1977 Ford had 32.2 per cent of the "light" truck registrations to its credit, Leyland 30.3 per cent, Dodge 18.7 per cent and Bedford 9.3 per cent.

In the six to 14½ tonnes "city delivery" sector, Ford, in 1977, had 37.9 per cent of the market, Bedford 35.8 per cent, Leyland 14.2 per cent and Dodge 9.2 per cent. In the 14½ to 28 tonnes "inter city and construction" area, Leyland led with 31.8 per cent, Ford had 17.3 per cent, Bedford 9.8 per cent and Dodge 8.6 per cent.

This year Ford has increased its market share mainly at the expense of Leyland, which has had well-publicised production difficulties. Output of the popular Redline trucks was affected by the rumblings of discontent at the Bathgate plant in Scotland where production this year averaged only 65 per cent of that planned, culminating in the recent full-blown stoppage. Overall, Leyland has been achieving only 75 per cent of planned production levels. But all its rivals complain about the need to increase productivity at their UK plants. In the event, Leyland's share of the market, 22.8 per cent at this time last year, is down to 19.8 per cent simply because it has not had the trucks to offer.

At the really heavy end of the sector, as the accompanying table shows, the "Big Four" do not have such an easy ride. Volvo is by a long way the market leader. It would claim this is because it paid careful attention to getting its service back-up right and to offering the customer a truck he wants to buy—even if its price might not be as low as that of some competitor's model.

Now that so many Continental companies are firmly established in the UK market—and Scania is given the credit for leading the invasion—any potential new entrant is faced with the considerable problems of finding dealers and setting up the service and training facilities customers insist on. This could be one reason why the threatened Japanese push into the UK has so far remained only a threat.

Mutterings

As well as mutterings about the Japanese, the word "polarisation" is frequently employed in discussions about the UK truck market these days.

Users are tending to buy larger trucks so that they can shift as much as possible with the one—and expensive—driver. But in the UK there are artificial cut-off points imposed by legislation. There is no need for an operator's licence for vehicles below 3½ tonnes gvw. Above 7½ tonnes an HGV (heavy goods vehicle) licence is required by the driver, who these days insists on more pay because he has the skills necessary to obtain such a licence.

Consequently users are buying the heaviest possible trucks within the limitations posed by the HGV regulations. This has been to the detriment of the truck weights which fall in the middle of the market. For example, the 22 tonner, once a very popular truck, is now hard to find on UK roads.

The British market, like each of the other European markets, has its own peculiarities which have to be given attention if a truck is to succeed. And this is not simply a matter of making sure the truck complies with local rules and regulations.

Mr. J. Patrick Kaine, president of International Harvester's trucks division, said in Birmingham recently, for example, that IH, the major manufacturer of medium and heavy duty trucks in the U.S., had learned a lot of useful lessons from its unsuccessful sortie into the UK in the mid-1960s. "Among other things, we learnt that you can't take a well-accepted U.S. product and with just a few minimal changes expect equally successful results in the markets of other countries, any more than a European truck will be totally acceptable in U.S. applications."

IH, which will sell around 90,000 trucks worth in the region of $3.2bn this year, is still trying to make up its mind about how to improve its penetration of Europe. One option would be for it to take full control of Daf trucks of Holland, in which it already has a 33 per cent stake, while continuing to expand its UK subsidiary, Seddon Atkinson. Seddon, with newly appointed Americans in the key roles of managing director and sales director, is already having its output stepped up rapidly.

But IH has not ruled out the idea of starting a new business in Europe, although this would entail forbidding problems and a huge investment.

What might be described as a "greenfield" approach to Europe has been employed by Ford in its break into the heavier end of the business with the Transcontinental, made in Amsterdam with considerable UK content among the components. Some of its competitors would maintain Ford has not been particularly successful even though sales of the Transcontinental have improved every year since it was introduced.

The determination of IH and Ford to find the formula which will give them a bigger slice of the European cake could spell trouble for the smaller local concerns. But the European companies—including Leyland of Britain, and Volvo and Scania of Sweden—are aware of the threat. This accounts for the hectic discussions going on between these and other concerns, talks which could even lead to further restructuring of the truck manufacturing sector across European frontiers.

Kenneth Gooding

EXTRA-HEAVY-DUTY TRUCKS (Over 28 tonnes; UK market shares per cent)	1976	1977	Jan.-July 1978
Volvo	24.2	21.1	25.0
Leyland	18.9	17.9	14.7
ERF	10.2	11.1	12.3
Seddon Atkinson	12.7	12.7	12.1
Daf	8.0	10.0	9.8
Scania	4.3	3.8	5.6
Daimler Benz	2.4	2.7	3.8
Magirus Deutz	2.7	2.8	3.2
Foden	3.3	3.2	2.6
Bedford	3.4	2.5	2.6
MAN	2.9	2.5	2.3
Ford	2.3	2.1	1.8

Source: Ford Trucks.

Labour disputes CONTINUED

big growth market of the UK and have increased their exporting pressure. At the same time, many of these importers are now in a much better position to exploit the British market than they were a few years ago, having spent heavily on establishing dealer networks since the advent of the UK to the Common Market. Mercedes, which has spent heavily on changing its image in the UK from that of a car producer only, is the classic example of this trend: it is now established and beginning to expand steadily.

The British response to these challenges depends crucially on Leyland Vehicles. The State-owned truck company is still the most sizeable commercial vehicle producer in Britain, and it is Leyland's loss of markets in the past few years which has contributed most directly to the surge in imports. The company's chairman, Mr. Michael Edwardes, has made no attempt to hide the fact that it faces considerable difficulties at present, partly induced by labour disputes and partly by a record of underinvestment in the past few years.

Action is now proceeding to correct the difficulties on both of these fronts, with programmes set in motion to improve productivity and a big new investment plan being pushed forward (although this is being trimmed at Bathgate because of the labour problems there). Leyland is aiming to inject some £350m into its commercial vehicle interests in the 1975-81 period, and already well over £100m has been earmarked for new model programmes and factory modernisation. The idea is to bring in a competitive new range of vehicles which will be built in modern factories capable of yielding considerable improvements in productivity.

At the end of this period the company hopes to emerge with a new heavy truck as good as any in Europe—it has seriously lacked a flagship of this kind in the past few years—which will be built in a factory capable of producing about 20,000 units a year. This will also provide the base for a range of vehicles going down the weight scale, the idea being to offset costs by designing as many common parts as possible into a number of weight grades.

At the same time, Ford has embarked on a similar plan, with the aim of spending £400m on its truck interests in Europe during the five years to 1982, a large proportion of which will be injected into Britain. All of its range is scheduled for serious revision during this period, and it can be assumed that there will be a large-scale expansion of its plant near Slough to cope with increased production of its middle-weight D-Series truck, along with a complete revamp of its Transit van.

Bedford may also be making changes to its long-serving TK range in the near future, having virtually completed the introduction of the heavier TM. The TK cab in particular is now regarded as somewhat out of date, despite the fact that the vehicle is still selling well. In addition, Chrysler, which introduced its well-regarded Commando range a few years ago, will soon be launching a new medium-weight parcel van and chassis cab.

For both Ford and Bedford, these developments will also mean an intensification of their drive into Europe. For Leyland Vehicles, such a move will be more difficult becaue of its failure so far to establish a strong dealer network on the Continent. But in the medium term all the U.K. manufacturers believe that they should be able to increase output. Forecasts indicate that production should be up next year, although this year it will probably not be much above the 398,000 units of 1977. But this prediction will clearly depend on the ability of the commercial vehicle manufacturers to overcome the current round of awkward labour disputes. In an industry which has had a reasonably good industrial relations record when compared with the car sector, these are causing considerable anxiety at present. Executives are anxious now to stop the rot before the process of decline sets in as it has done in the car industry.

Terry Dodsworth

The Ford Transit, which dominates the medium-size vehicle market.

Demand begins to outstrip supply

ABOUT a third of the sales of commercial vehicles in Europe are accounted for by medium-sized vehicles of up to 3.5 tonnes. In the UK the market share is even greater, last year reaching 41 per cent and totalling 91,306 units. By far the greater proportion of these were vans. The medium vehicle market in Britain is showing the biggest growth: it was up more than 16 per cent in the year to August compared with the previous 12 months, and demand for vans is leading the market upwards.

Few people in the industry believe that van sales will this year recapture the peak 115,000 units sold in 1973. After all, they have since sunk back to only 74,000 before recovering to the 84,000 level last year. However, it seems almost certain that around 95,000 vans will be registered in the UK in 1978 and some industry optimists reckon 100,000 might be achieved.

Like other commercial vehicle sectors, this one is fiercely competitive. And importers are making the most of the buoyancy of the British demand.

The market is still dominated by Ford's Transit which was originally launched 13 years ago and had another facelift earlier this year. This van helped Ford capture an impressive 39 per cent of the total "medium" market in the UK last year when the company sold 36,475 units. The majority of Transits are made in Southampton, but Ford also has a plant at Genk, in Belgium, as the Transit is a "European" truck. A record 125,463 were made at the two plants in 1977. Ford's objective was to produce a van with the driving characteristics of a car—after all, in most European countries vehicles of up to 3.5 tonnes can be driven on a car licence.

Similar

In 1970 Bedford launched the CF van on similar lines to the Transit, with many of the same characteristics of driveability and easy manoeuvring. The CF has also proved to be popular in Continental Europe, selling particularly well in Italy in its diesel form. Bedford could probably sell more CFs in the UK but has put the priority on exports.

Then three years ago BL, or British Leyland as it then was, replaced its dated J4 and JU range — which had been losing market share—with the Sherpa. For obvious reasons there was no huge investment in this vehicle. Its reception was far from rapturous as it was looked upon by many as simply a face-lift to the old vans.

But the Sherpa has proved to be an absolute winner for BL because it is so economical and reliable. BL claims that milages of 78,000 with little but routine maintenance are common.

The Sherpa was at first criticised as being "not wide enough" — it was less bulky than the Transit — but ultimately this has proved an attraction to some customers since drivers find it easier to handle and more manoeuvrable in crowded town centres. At the same time the vehicle has proved to be an ideal motor caravan base. It has a proper truck-type chassis, which the body builders prefer, and yet can be handled easily in a suburban driveway.

Over the past 12 months production of Sherpas is up 30 per cent on the previous year. And BL's share of the van market, down to 13 per cent in 1975, had recovered to 17 per cent by August this year.

In this market sector Chrysler is represented by the Dodge Spacevan, which has proved very popular with the Post Office. There are currently 15,000 Spacevans in service in the Post Office fleet and about 50 per cent of production is still destined to go in that direction. In May, Chrysler UK received its biggest-ever order in Britain when the Post Office ordered 3,200 Spacevans worth £10m.

Importers, attracted by one of the few markets which offers growth—this arises partly because there is so much emphasis in the UK on road transport as compared with rail—have been attacking hard.

The Japanese producers, looking to make up for the artificial "stop" on the growth in their car sales, have turned to this sector. Both Datsun and Toyota more than doubled van sales in Britain in the first seven months of 1978 compared with the same period a year before—Datsun registrations rose from 1,111 to 2,519 and Toyota's from 1,115 to 3,168.

Mazda made similar progress—registrations rose from 815 to 1,380, while Honda made its presence felt for the first time in this sector this year, with 177 vans registered.

As usual, immediate availability figured prominently in the Japanese success. They were helped not only by Bedford's emphasis on exports, but also by a shortage of two particularly popular imported vans. The availability of both the Volkswagen LT van and the Mercedes van, each a relative newcomer to the scene, have failed to keep pace with demand. The Mercedes vehicle replaced the so-called Bremen van inherited by the group when it took over the Hanomag-Hanschell concern and is the first truly Mercedes-designed van—the group had previously concentrated on producing heavier trucks.

The Hanomag plant at Bremen has been rebuilt since Mercedes took it over so as to establish "reasonable capacity" for the new van. In the early years an output of around 40,000 a year was looked for. But output is currently constrained by the availability of diesel engines from a Mercedes plant which has to supply both cars and vans.

Closed

Last year Volkswagen sold 1,800 LT vans in the UK, not bad going since it was introduced to Britain only in 1976 and since the company continues to sell its old Type 2 van (up to one ton) at the rate of 200 to 300 a month.

Volkswagen expects to sell 3,300 LTs this year. By August it had sold 2,260 LTs (and 2,499 Type 2s). The UK importers ran out of stocks of LT in July and as the Bremen factory closed for the whole of August, supplies were not expected to begin again until late September.

The refusal of both Mercedes and Volkswagen to give in to the temptation to take short-term steps to build up supply to meet demand reflects the determination of the West German groups to fix output at a level which is consistently profitable—even if this is at the expense of market share.

Perhaps the main interest in the van market next year will be focused on Fiat's new entry, due to be unveiled at the Motor Show. Already operating on the Continent, the "S" van will compete with the heavier Transits and will be available in either chassis cab or van form.

The new Fiat will use a new 2.5-litre diesel engine produced from the collaboration between Fiat, Alfa-Romeo and the Berliet-Saviem combine in France. This is the only engine the new van will use, and it will once again raise the question about the potential progress of diesels in the UK.

Although a diesel engine is more economical than a petrol one, the initial cost is roughly £400 more. A van has to cover a lot of extra miles in a year to make the extra outlay worthwhile. And in the UK, unlike practically any other European market, derv is more expensive than petrol, which adds another complication to the arithmetic.

Perhaps one indication of the way the market might be split is via the Dodge Spacevan deal with the Post Office. The requirement is two to one in favour of petrol engines. And in August one in five of the Volkswagen LT vans sold were powered by diesel engines—but this higher than usual figure was certainly affected by the fact that VW was running out of stock at the time.

K.G.

LIGHT VANS

Imports grab a bigger share

IF LOCAL manufacturers leave a gap in the market then in a free-trade country imports will fill the gap. No other part of the U.K. commercial vehicle industry illustrates this simple idea better than the car-derived van sector.

The import statistics at the same time provide a good example of what can happen as the North American groups progressively apply their "Europeanisation" policies.

It is a fact that for many years there have not been enough car-derived vans and pick-ups to keep up with demand in the U.K. The user's decision about which van to buy more often than not has been based on just which van was available or how long were the dealers' waiting lists.

Ford's Escort van is just one example of a vehicle which could have had a bigger market share had the numbers been available. The Escort van has been made at Hailwood at the rate of about 30,000 a year on the same jigs as the estate version of the popular car. Ford makes more money on the estate than on the van, so when it came to allocating production time the estates usually had first call.

Industrial disputes, which appear to be endemic in the U.K. car sector, have also cut the supply of vans from BL and Ford, which between them control well over half the market.

As a result the percentage of imported vehicles among total U.K. car-derived van sales rose from 11.8 in 1976 to 16 per cent last year and in the first eight months of 1978 reached a peak of 21 per cent.

Of course the Japanese have not been slow in snapping up the opportunities offered. From a standing start in 1974 they captured 7 per cent of the available sales by 1976 and nearly 9 per cent for far this year.

Unsettling

But Europeanisation is having just as an unsettling effect on the import figures. The Ford Fiesta van, introduced in March this year, has proved to be far more successful than even optimists at Ford expected. And the Fiesta van is made in Spain.

Against an early estimate that some 2,000 might be sold in the UK his year, Ford is now looking to deliver 5,000 to 5,500 by the year end. This would give the Fiesta alone about 5 to 6 per cent of total sales, which, by Ford's reckoning should reach around 83,000 units in 1978 against 72,430 last year.

Chrysler is also bringing in car-derived vans from Continental Europe. Its Dodge 110, based on the Simca 1100 and made in France, has a steady 5 per cent of the market. This compares with Renault, more easily identified in the customer's mind as a "foreign" car, which has 2.3 per cent.

In spite of the importers' successes, this is one market sector where BL does not appear to be losing out. It was market leader last year with a healthy 31.9 per cent—represented by sales of 23,076 units. And in the first eight months of 1978 BL had increased its slice of the available business to 33.8 per cent and has sold 15,702 units compared with 12,829 in the same period a year before.

In the car-derived van market BL offers the Mini van and the model colloquially known as the Marina van, based as it is on the Marina car. The Mini van remains popular because it is a purpose-built commercial vehicle with a long wheel base, which gives more space. And BL is the only UK company offering a factory-built pick-up, based on the Marina.

BL would claim that those car-derived vans, like the Fiesta, Bedford's Chevan, based on the Chevette, and some Japanese models, do not offer direct competition to the Mini in that they are simply cars with side panels instead of windows at the rear, that they do not offer as much carrying space and the rear access is not as convenient as it might be.

The van versions of the Marina have benefited from the recent facelift and, like the cars, will be using the "O"

REGISTRATIONS OF CAR DERIVED VANS AND PICKUPS IN THE U.K.

Manufacturer	August 1978	August 1977	8 months ended August 1978	8 months ended August 1977
BRITISH				
Bedford	1,946	1,959	12,381	12,269
BL Cars	2,888	2,586	18,590	15,415
Leyland Vehicles	—	—	—	—
Chrysler	—	—	—	—
Ford	2,664	1,690	12,275	12,635
Others	15	27	122	135
Total British	7,513	6,262	43,368	40,454
IMPORTED				
Chrysler (France)	402	471	2,772	2,917
Citroen (France)	1	8	18	55
Peugeot (France)	132	0	478	0
Renault (France)	216	221	1,256	1,176
Mercedes-Benz (Germany)	—	—	—	—
Opel (Germany)	12	6	21	7
Volkswagen (Germany)	—	—	—	—
Fiat (Italy)	—	—	—	—
Daihatsu (Japan)	—	—	—	—
Datsun (Japan)	464	311	2,530	1,193
Honda (Japan)	90	384	1,613	1,796
Mazda (Japan)	—	—	—	—
Toyota (Japan)	54	88	343	381
Polski-Fiat (Poland)	100	—	120	—
Ford (Spain)	707	0	2,366	0
Jeep (U.S.)	—	—	—	—
Others	4	7	25	66
Total imported	2,182	1,496	11,542	7,591
GRAND TOTAL	9,695	7,758	54,910	48,045

Source: SMMT.

Small but thriving sector

NOW seems an established of life in most sectors of ufacturing industry that the panies which thrive are er the very large groups or small specialists. Those in een have either to make the into the big time or ider.

ie commercial vehicle busi- is no exception to this rn. As with other indus- , the small specialists lly survive, and sometimes make a handsome living, illing in the gaps left by bigger rivals. They make ucts with which the major panies, with their demand olume, would prefer not to nvolved.

itain has more than its fair of specialists in the com- ial vehicle field. Most of are doing very nicely, and are on the brink of—by standards—major expan- programmes.

e one which is perhaps not dely known is Shelvoke and ry, based at Letchworth, s, which has been a special- vehicle maker for more 50 years. Today it is part e quoted Butterfield-Harvey).

to two years ago Shelvoke ontent to maintain its posi- as the UK's major supplier unicipal vehicles, mainly e collection vehicles. Last it sold nearly 500 of these , which gave it more than he available market.

t then Shelvoke reacted to it saw as a demand for is with unusual specifica- which could not be met by major manufacturers. It ed to add to its main line erations the business of m-building vehicles from onnes upward. The aim give the customer exactly ehicle he wanted, within gal constraints. Shelvoke ut the engine at the front, back, in the centre. It give you a steering wheel ie right, left or in the e of the cab. And so on. service is provided by what oke calls its Special se Vehicle (SPV) division.

itome

haps the epitome of what 's all about is the airfield enders it producers, with Fire providing the l bodywork and equip- An airport fire tender to be fast, to carry a lot ight and to be able to over rough ground. Shel- has developed one with a mes gross vehicle weight four by four configuration can accelerate from 0 to h in 45 seconds and travel on and off the highway.

far this vehicle has been ed only to export markets veral fire brigades in the e now using more conven- tenders based on Shelvoke s.

company expects its division to add 200 units tput this year with no ning off on the municipal e side. So new manufac- space has been acquired ore people hired

Sam Roberts, chairman of the parent group Butterfield-Harvey, was, to say the least, extremely enthusiastic in his annual statement in July about Shelvoke's prospects. "Although numerous prestigious contracts have already been secured, mainly in respect of fire vehicles, success to date barely reflects the real potential of this (SPV) division. The level of inquiries from a wide variety of customers, including equipment manufacturers and Government departments, leaves no doubt that substantial business is likely to develop within the foreseeable future."

The other specialist which is currently expanding to a new manufacturing site is ERF, which is building 14 trucks a day at its Sandbach plant and is running out of space there. The company, a —quoted concern, last year sold 2,846 units, its turnover rose by 46.5 per cent to £56.3m and profits reached a record £3.276m compared with £1.7m in the previous year.

Facility

ERF is building a new engineering centre at Middlewich, to eliminate some of the overcrowding at the Sandbach offices, and next year will start the first phase of a completely new production facility in a development area — news of which should break in time for the Motor Show. (Of course, this does not mean that ERF will move from Sandbach. The new facility is in addition to the Sandbach site).

ERF's chairman Mr. Peter Foden believes the company's main thrust in the short- to medium-term must be in the home market. He is concerned about foreign vehicle penetration of the UK market, a trend which British manufacturers are finding difficult to contain.

"The general world recession in commercial vehicles sales tends to encourage manufacturers to penetrate the best available markets at prices well below normal levels. This, coupled with immediate availability—not necessarily superior products—is a major factor in the increased penetration by the foreign groups of the UK market," he says.

"We believe our immediate role must be to concentrate on import substitution, even if it means less emphasis on other world markets. The UK balance of payments and levels of employment must improve if the UK manufacturers take an increased share of their own market."

Sandbach also is the home of another of the UK commercial vehicle specialists — Foden's which is run by a separate branch of the same family. In statistical terms Fodens and ERF are roughly similar. Fodens, too, had an output of more than 2,000 units last year. Turnover was £52.8m (against £47.15m) and taxable profit was £2.8m (£1.76m).

This represents a remarkable recovery from the problems of 1975 when it hit the financial rocks and was rescued by a group of institutional investors.

The institutions had enough faith in Fodens not to take an easy profit when Rolls-Royce Motors made an £11m bid last year. Their decision was made easier because Fodens was in the process of switching a £1.02m loss into a £1.74m profit.

Mr. Leslie Tolley, the bluff, no-nonsense chairman, who is also chairman of Renold, says that 1978 will be "reasonable" but there will be consolidation after two years of fairly rapid recovery.

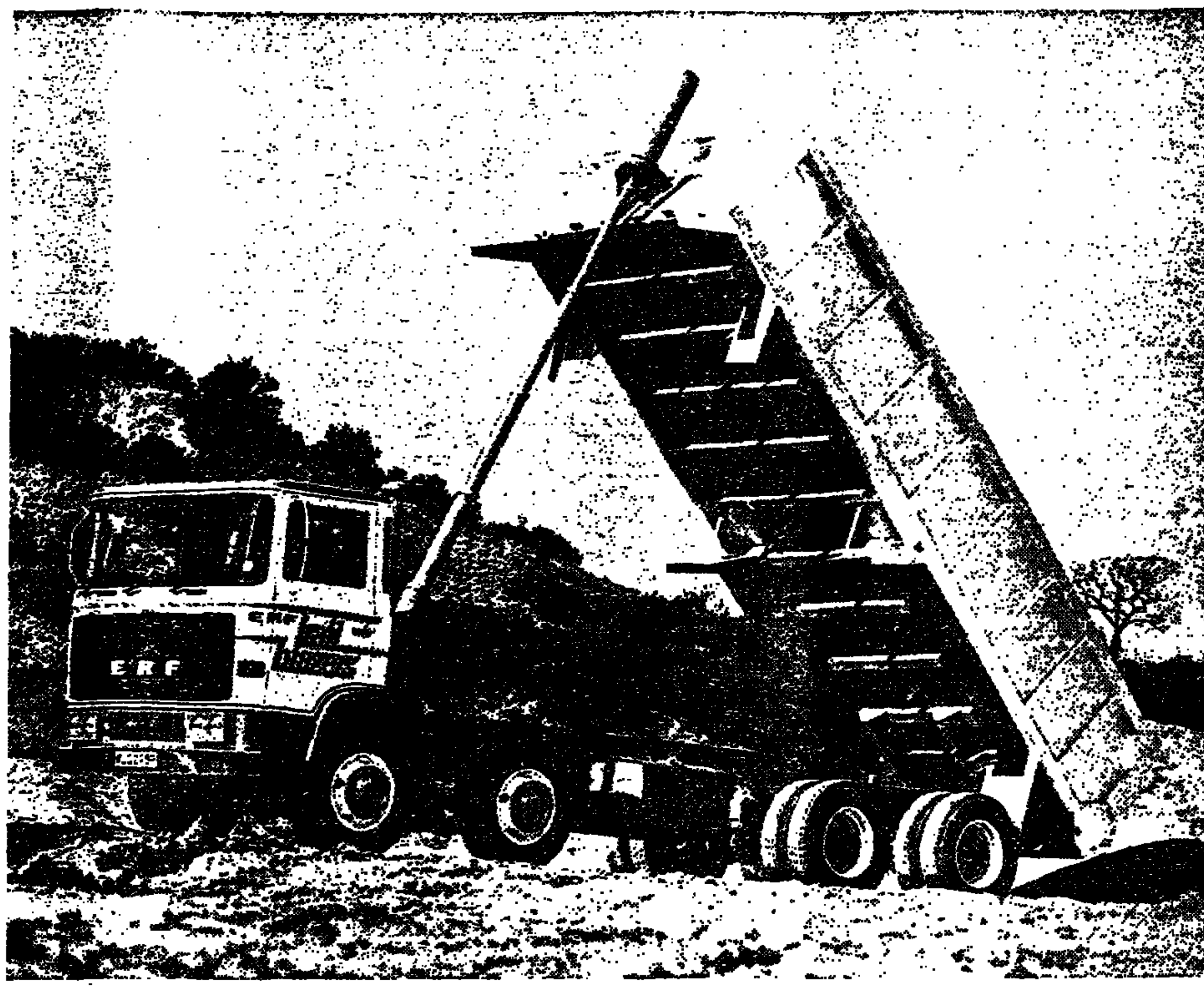
Fodens built up its reputation partly by doing as much of its own engineering as possible on the assumption that component manufacturing gives the final assembler a much greater control over the final quality of the product. It has shifted significantly from this stance with its new Fleetmaster range, launched about a year ago. The company is using a high proportion of bought-in components, such as Cummins and Rolls-Royce engines, Fuller gearboxes and Rockwell axles. The move will mean that Fodens will be able to lock into extensive networks established by the component makers across Europe without going to the expense of setting up its own operations.

Another specialist which was down and nearly out financially in 1971 is Dennis, the Guildford-based concern. In that year it was acquired by the Hestair group. The Guildford site was sold to help generate the cash for Dennis's survival and a lease-back deal was done.

For a few years Dennis concentrated only on producing municipal vehicles and fire engines. This revived the company to the point where it has entered the double-decker bus market — thus taking on Leyland. Its turnover, with some contribution from the Eagle bodybuilding business also owned by Hestair, reached £26m last year, of which £15m came from export sales. Profit was £2.53m. And the Guildford site has now been bought back so Dennis once again has the freehold of its old plant.

So Britain's specialists now seem to be sufficiently nimble on their feet and flexible in approach not only to survive but, in their own quiet way, see some steady growth.

K.G.



An ERF four-axle rigid unit for 30 tons gross vehicle weight operation.

nports

INUED FROM PREVIOUS PAGE

engines. At the same BL is bringing back the name for the vans. In the official name will be: 440 (for carrying up to and the Morris 575 (for 10 cwt).

use the market is ex- g—it was up nearly 6 per ast year and might even that percentage gain in it is not easy to spot companies are actually ng from the importers' ses.

Ford has a respectable er cent of the market and 3,278 units last year. In ight months to August ations of Bedford car- d vans totalled 12,381, lightly ahead of the same a year ago. But the n offers a product which appeal to customers who oking for a stylish vehicle, the Bedford van, based on iginal Viva design and well in spite of being rably ancient in motor in- terms, provides the kind ap, basic vehicle many ers are seeking.

industrial disputes at ood early this year cer- cost Ford market share e it is only recently that es of Escort vans got back nal. Ford believes it has lved the overall problem t being able to make Escort vans to keep the adequately supplied. nce again, this will cer- be reflected in the import Capacity to build the s has been installed at Amsterdam plant in Holland and these will be used to supplement the British-built types.

The importers of Japanese vans have often claimed in the past that they have not been capturing market share from established manufacturers as much as enlarging the market by supplying vehicles of a kind not available before.

A prime example has been the Honda TM7, an extremely small van using a 360cc engine built from motor cycle parts, which gave 50 miles to the gallon. Ideal for the narrow Japanese streets it also found supporters in the urban areas of the UK. However, the last of these vans was sold in July and Honda has replaced them in Britain with the Acty, which has a 545cc, four-stroke, water-cooled engine. Like the TM7, this vehicle is likely to appeal to users such as florists and bakers who have light loads, do not need too much space and do short runs in urban areas.

The Acty incorporates more added-value than the TM7, of course, and the Japanese must pay attention to this factor for some time to come.

For, as with cars, car-derived vans were covered by the industry-to-industry agreement between the British and the Japanese, and shipments to the UK in 1978 should not go above the 1977 level. If the Japanese are to maintain growth in the UK they must, therefore, get more cash for each vehicle they sell.

K.G.

Europe presents a complex market

AS IN vehicle production, the main characteristic of the European trailer industry at present is its increasing concentration. The next decade or so will probably establish a much more *permanent structure in the* European industry, although the full benefits of rationalisation and the use of common design techniques will depend on political pressure and the speed at which the EEC brings together a new formula of weight and size regulations for European vehicles.

The market which the remaining manufacturers are aiming for is a healthy one by world standards. It probably accounts for about 100,000 units a year, and generates a turnover of about £800m, an amount similar to North American sales. The UK is probably the best of these sales zones because of the preference for road as opposed to rail transport in Britain, followed by Germany, France, Italy and the Netherlands. The latter's significance is based upon its *position as a European* entrepot.

This European market, however, is not as simple as it seems at first glance. Although of similar overall size to the U.S., the product demands in different countries vary widely. Before any manufacturer can enter a new market, he has to sort out an enormous variety of detailed specifications on questions such as axle weights and dimensions, which although only marginally different in themselves, can mean significant changes in manufacturing. In addition, each country varies enormously in the spread of its vehicle stock between trailers and semi-trailers.

For example, drawbar trailers in Britain, where total trailer stocks are believed to stand at between 165,000 and 185,000, are not yet used at the higher weight levels, although there have been experimental moves in this direction. But in Germany they are very popular, accounting for the majority of trailers (about 80,000 against 43,000 semi-trailers), as in Italy, where the drawbar stock is calculated at about 50,000 units against 12,000 semi-trailers.

France, by contrast is a strong semi-trailer market, with stocks reckoned at about 100,000 units against 11,000 drawbars, and the Netherlands also shows a bias in this direction, with 32,000 semi-trailers and 10,000 drawbars.

Within the European context, the two U.S. companies, Fruehauf Corporation and Pullman, the market leaders in their own country, have made all the running so far. Like the American vehicle manufacturers, they seem to have been quicker, *perhaps because of the Continental* scale of their own domestic manufacturing, to latch on to the idea of an integrated European approach. This has meant, in the first place, establishing independent national manufacturing or marketing units in individal countries, although as Europe comes together, these will presumably be welded into more tightly knit groups. It is *an open question now whether* any of the indigenous European manufacturers can expand to challenge this dominant position.

The main indigenous independents in Europe are Kassbohrer in West Germany and York Trailer and Craven Tasker in the UK (although York has links with a Canadian trailer producer). These companies are well-based financially, but they do not have the spread of European interests which the larger U.S. groups can call on. York Trailer is investing in the Low Countries at the moment, and has long had some assembly facilities there. But neither Kassbohrer nor Cravens has yet established an international manufacturing position, which could be a significant weakness because of the cost of delivery for trailers.

Trailor, in which Pullman has 58 per cent, also has some way to go to become as *widely* spread as Fruehauf. Its base in France is strong, and it vies with Crane Fruehauf in the UK as the largest individual manufacturing resource in Europe, producing well over 20,000 units and holding more than 30 per cent of the French market. But despite establishing itself for manufacturing in the UK, it has not yet developed a significant position in this country.

Fruehauf, by contrast, has established a base in the three major markets. It owns 98 per cent of Ackermann-Fruehauf in Germany, where it is reckoned to have about 20 per cent of the market, has a wholly-owned subsidiary in France, where it also has more than 20 per cent of the market, and now owns 100 per cent of Crane Fruehauf following the recent, bitterly-fought takeover bid.

Jointly

In addition, it owns the Netam company in Holland, and has 20 per cent of Forss-Parator, a group held jointly with Volvo and Scania, with plants in Norway and Finland.

Following the takeover of Crane Fruehauf, the European group is now being pulled together to develop a more integrated approach to manufacturing and marketing. A European organisation has been formed, with headquarters in London, to look at common manufacturing standards. Eventually it can be expected to develop a more rationalised method of supplying com*ponents, and also of standardis*ing particular model lines in one area.

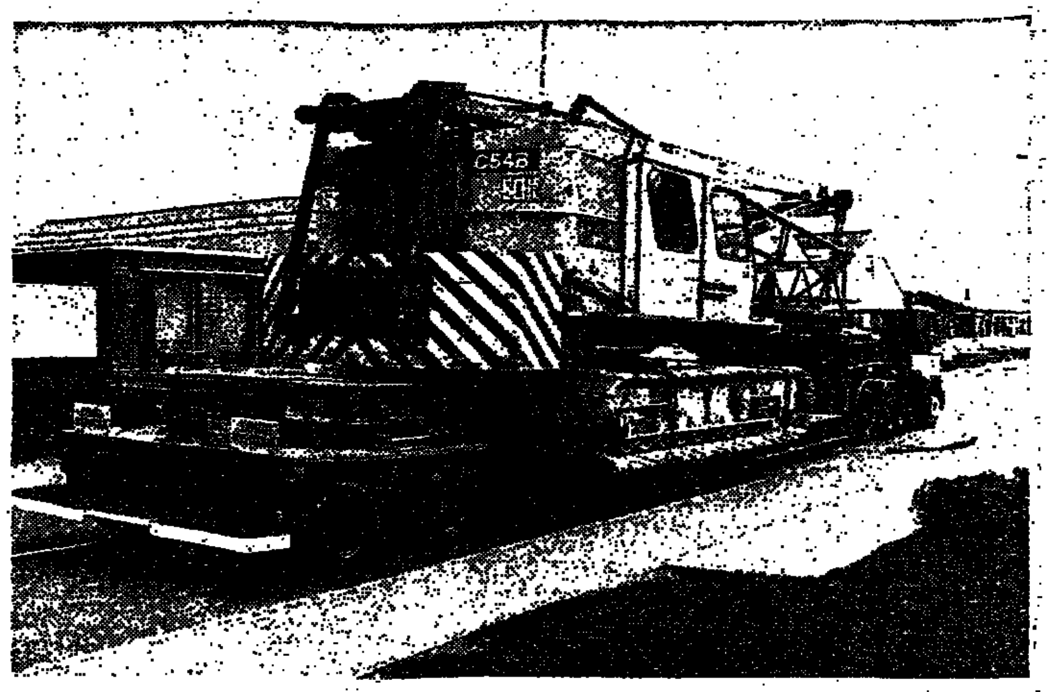
Both Fruehauf and Trailor, of course, can also draw on their U.S. facilities and expertise, in much the same way as the U.S. vehicle manufacturers are now doing. This method of using resources on a multinational scale will be the main challenge faced by the smaller national producers in the years ahead, and their answer is likely to be to look for increasingly specialised niches in the market.

York, for example, has gone for an integrated approach to its manufacturing, trying to get the maximum amount of added value out of its resources. Cravens Taskers has become a *specialist in low loaders, and re*cently it took over Boalloy, the company which developed a new method of manufacturing tilt trailers, the curtain-sided vehicles which have become popular throughout Europe. Freight Bonallack is another specialist, in the refrigerated vehicle area.

One encouraging feature for the trailer companies is that *they should have a reasonable* market to aim for over the next year or two, particularly in the UK. While sales in the rest of Europe, reflecting the general heavy vehicle market, may be slightly down in 1978, they should not plumb the depths which hit the industry in 1974-75. In the UK, the prospects are for a similar, or slightly better, year than last, when the industry finally pulled out of the recession and achieved unit sales of about 17,500.

The figures so far, in fact, indicate that the trailer industry will not follow the growth curve in commercial vehicle registrations. It is possible that the unusually high rate of growth in 1977, when many customers were forced back on to the market because of their deteriorating stocks, has soaked up any extra expansion that might have been expected. But the companies that have survived from the drubbing of the mid-1960s can now probably look forward to a more stable future.

T.D.



The new Craven Tasker Tasklift low loader in operation by Hallet Silbermann.

UK TRAILER PRODUCTION

Year	Units	Value, £000
1973	22,169	43,121
1974	19,066	51,170
1975	11,024	38,571
1976	13,497	51,047
1977	17,500	—

OFF-ROAD

Monsters free to roam

WHEREAS THERE is a limit to the weight of a load which can legally be carried along the highway, with off-road vehicles the sky's almost the limit. European manufacturers in the main are currently making a 50 ton payload the cut-off point to the ranges they offer. But they are by no means content.

The trend for users to demand more from an individual truck, visible in the on-road truck sector for some years now, is influencing the off-road sector too. Most of the manufacturers are looking towards the introduction of vehicles to carry 100 tons, while some already have 85-tonners on offer. And the UK is probably the most promising market in the world for 85-tonners, thanks to the activities of the National Coal Board.

The future for the off-road monsters has looked bright for many years now. In the words of Mr. Bill Shapland, chairman of Blackwood Hodge, the UK-based group which is the world's largest distributor of earth-moving equipment: "The continuing world population growth and the need to provide im*proved living standards are in*creasing the demand for food, raw materials and energy. Strip mining operations in Africa, Australia, Canada and the United Kingdom are being expanded to produce more coal, metals and other minerals to meet these increasing demands. Docks, harbours and railway facilities need to be improved and new roads built, not only in developing countries but in most parts of the world, to improve communications and to handle an increasing volume of trade.

"The need to conserve water resources and improve agricultural production requires the construction of dams and irrigation schemes on a very extensive scale. To meet the world's energy requirements oil and coal production must be increased and hydro-electric schemes built wherever water power is available."

Certainly in the UK, even with economic activity at a relatively low level, demand for off-road vehicles by the quarry and other "extractive" industries is reasonable. The National Coal Board, potentially the biggest customer, needs vehicles for open-cast mining projects and for clearing "spoil" at deep mines. However, as with most nationalised organisations in the UK, its ordering programme tends to be somewhat erratic.

The main problem for the vehicle manufacturers has been the virtual drying-up in Britain of major civil engineering projects during the past two to three years. The roadbuilders, for example, are not getting major projects any more and therefore do not require the big dump trucks which come into their own when huge quantities of earth, aggregates and so on have to be shifted quickly.

The same can be said for the rest of Western Europe, traditionally a major market for off-road trucks. The civil engineering scene is extremely depressed. And to take other specific examples, the French cement industry's plans to upgrade its lorry haulers are going ahead at a much slower pace than originally planned, while mining activity in Spain has come almost to a halt, perhaps because of a lack of confidence about the future among the owners.

The Middle East is no longer the buoyant market of a few years back and demand is drying up. In any case, Middle East customers have often shown a preference for very heavy on-highway trucks which are specially reinforced to take the strain of belting across the desert. Such vehicles are suitable for long hauls, whereas the normal off-road truck is designed to carry heavy weights short distances over rough terrain.

Africa, potentially a major market for off-road trucks, is fraught with political problems and cash shortages, so that even those areas with mines which provide much of their local wealth are *not* buying any capital equipment at much of a rate. Elsewhere in the world, even North America has seen a slowing-down in major civil engineering projects in recent years.

So the overall picture for the off-road truck makers is rather difficult. There are orders to be had but price competition is tremendous. The problem is that the major manufacturers can more or less match one another in the technical specification of the trucks they have to offer. Therefore orders are won on *the strength of a manufacturer's* reputation among customers, the service back-up he provides and the discount he is willing to give on the list price.

Auction

Mr. Jon Gifford, sales director of Aveling-Barford, sums up the situation with the comment: "Every deal these days *turns* into a Dutch auction. There is plenty of business but tremendous competition among the manufacturers. The UK used to be free from this type of thing, but there is now so much over-production of dump trucks that the situation is the same at home as overseas."

Aveling-Barford is part of SP Industries, the *specialist engi*neering division of BL (still more commonly known by its previous name, British Leyland). It offers dump trucks with capacities ranging from 17 tons to 50 tons, most of them carrying "Centaur" insignia.

To prove his point about the orders being available, Mr. Gifford pointed to the fact that A-B secured worldwide orders for dump trucks valued at more than £3m in a 10-week period recently. The machines went to Australia, Ireland, other parts of Europe, Africa and the Middle East.

A-B is so pleased with the way that demand is progressing in Australia, from the open-cast mining and quarrying industries, that it is setting up an assembly plant for Centaurs in Sydney.

Latin America is another exciting territory for A-B and, following a £750,000 order for 12 30-tonners from Argentina, the group is looking at the possibility of an assembly plant there.

Competition for European companies like A-B comes mainly from North America. Whenever there is a reasonable order for off-road trucks up for grabs, Terex, the General Motors subsidiary, Caterpillar, Wabco (Westinghouse Air Brake) and Euclid (now owned by West Germany's Daimler-Benz) will line up in competition.

And more and more these days Komatsu of Japan is making its presence felt, even in the UK, where it is offering 65-tonners. But then it was always a certainty that Komatsu, which last year had sales equivalent to \$1.9bn (£1bn), three-quarters of which were of construction equipment, would want to match its major rival Caterpillar right through the construction equipment range.

For some reason, International Harvester and another major North American truck *maker, Mack (part of the Signal* Companies conglomerate) are not as aggressive internationally in the off-road sector as their importance in the U.S. might suggest.

And the European manufacturers of off-road trucks, such as Faun of France, Kockum of Sweden, the two Italians Perlini and Astra, and Belaz from the USSR, are stronger in some territories than in others.

The main impetus for changes in technology in this sector of the commercial vehicle market are the health and safety regulations which have become an increasing consideration in the industrialised world. Noise, for example, is a major consideration. It is possible to absorb the engine noise so that the decibels in the cab are at a tolerable level. But when you absorb noise you absorb power.

And the major constraint on the size of an off-road truck and the load it can carry is tyre technology. In this case you might even say that the truck is designed around the tyre, for the first thing a designer considers when planning a new vehicle is the size of tyre required.

K.G.

The Aveling Barford Centaur 50, a 50-ton payload dumptruck, the largest of the Centaur range.

A broader market

: THE European saloon ıdustry locked in a battle ırvival, the prospect of a rely underdeveloped mar- ıust seem like the answer prayer. The off-the-road, terrain market is not that, but it has certainly led a previously un- ıcted strength of demand has opened up new sales ew model areas.

ew years ago the market d mainly limited to agri- al, construction and local rity work. It has broad- out vigorously to embrace r leisure activities, with r two models like the Rover becoming status ols. In the process new nts to the market-place shown a tendency to lean ds light commercial es for certain major com- ıs, or to owe allegiance tate cars, a growing pro- n of which these days e as commercial and busi- vehicles. Some, when the windows are boarded up, almost indistinguishable the vans they are derived

interesting example of the fashion is moving is pro- by Chrysler's Matra ıo from France, though ly this is not an off-the-road vehicle, having no differential lock and no four wheel drive. The French call it an "all-roads" vehicle, which implies more over there than it does here.

The Rancho is based on the associated Simca van floor pan with modified Alpine running gear and a glass fibre - reinforced body on a metal frame. The bold emphatic styling gives it a safari-like, he-man image which, whether it appeals personally or not has to be acknowledged as a trend setter, albeit with a greater affinity to the Kings Road than to Welsh hill farming.

It was not launched in Britain until May, but since then sales have mounted to 450 to help swell the European total in the first seven months of the year to 5,681. Significantly, imports next year are expected to reach 2,500, unless by then Peugeot-Citroen has acquired Chrysler and has different ideas.

In this country the concept of using van mechanicals is behind the Yak Yeoman, pre-production models of which are currently being made by Manchester Garages. The intent behind this venture is far different from the Matra Rancho, being aimed primarily at Third World markets where assembly and servicing arrangements are likely to be rudimentary. Ingeniously and as simply as possible it bridges the gap between the sophisticated industrialised world and the large tracts of Africa, India and South America (which will be one of the first markets) which are still at the other end of the learning curve.

The Yak will use Escort mechanicals taken at the appropriate points from the van assembly lines, so that engines will be delivered to Manchester Garages (Motor Craft), the new company set up to exploit the project, complete with fans, belts, carburettors, dynamos and other attachments. The rear axles are being modified to incorporate the Suredrive automatic differential lock invented by Mr. Bob Stoodley, Manchester Garages chairman.

This employs an indexing or racheting device of the sort commonly used in plant and machinery which allows the outer wheel to freewheel on cornering. Power to both wheels is restored when they are rotating again at the same speed. When one wheel loses traction, power is transferred to the other and the racheting effect can occur several times a second.

A power take-off is also incorporated so that if the worst comes to the worst it is always possible to winch the vehicle out with the help of a suitable anchor like a tree or stone. Otherwise, helped by a two to one reduction gearing, it can climb and restart on a 1:2½ hill subject to wheel traction.

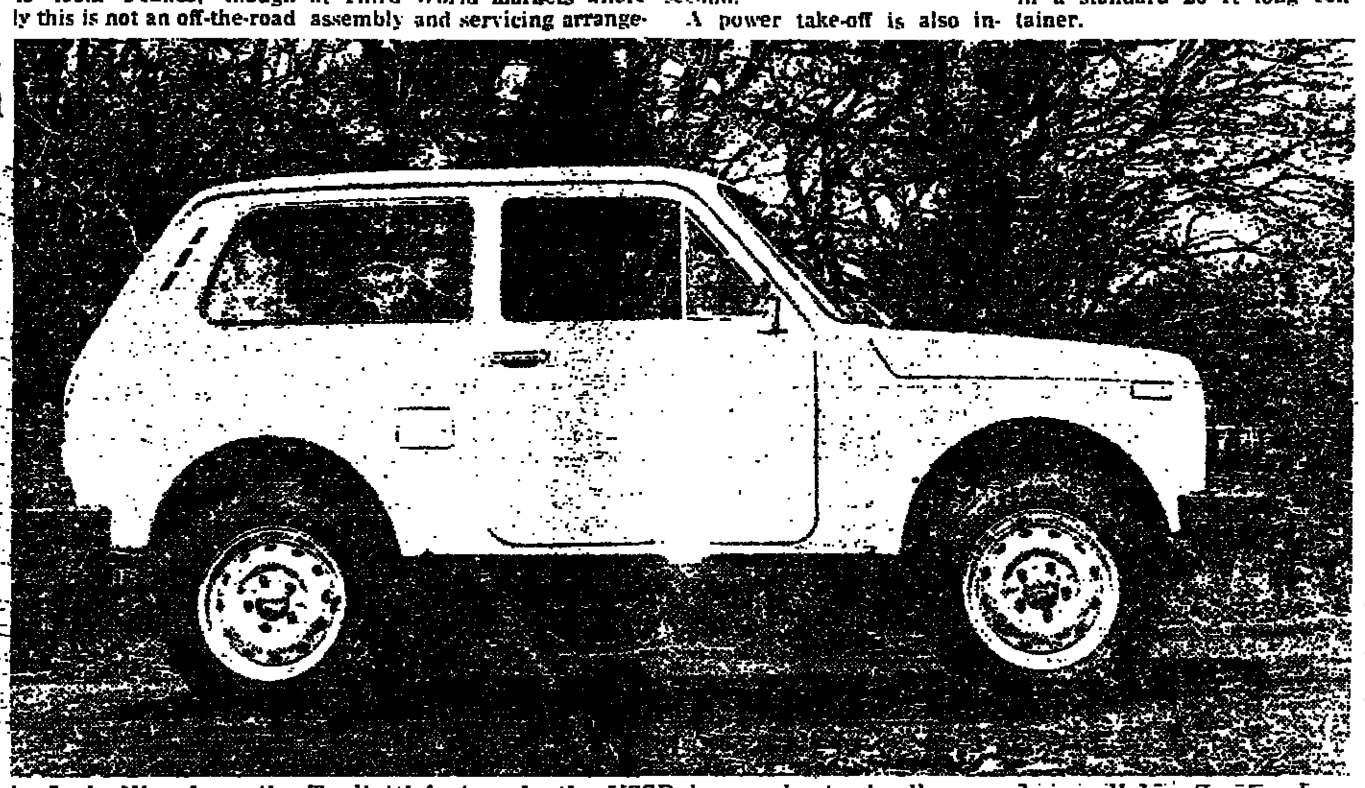
Besides the rear axle, the Yak Yeoman employs the heavy duty Escort van suspension. The chassis is another example of ingenuity in combining sophisticated materials in a simple way.

The chassis is in seven parts in tubular section. Any part can be joined or taken apart by a good amateur mechanic, it is claimed. The body panels are in T-I's new Superform lightweight alloy which gained prominence recently when used on the body shell of the Aston Martin Lagonda. Detailed design work on the Yak has reduced the number of different panels needed to only six. Thus the wing pressings fit either side of the vehicle, back or front and the dash panel will accommodate either left- or right-hand drive. The body panels stack compactly to enable six crated Yeoman kits ready for assembly to be packed in a standard 20 ft long container.

Fifty-three pre-production vehicles are being built and as an indication of where the markets are being sought 40 of them will have left-hand drive. The first models will be soft top only, with hard top versions following in about two years.

A third example of the way in which existing components (from different manufacturers in this case) can be harnessed together to produce an entirely different animal is provided by Stonefield Vehicles, a Scottish enterprise located at Crumnock, near Kilmarnock. These are substantial four-wheel drive vehicles having payloads from 1½ to 3 tonnes which extend the British range beyond that of the Land Rover. This again is a project in which a Government agency has taken a financial interest. The Scottish Development Association has injected £3m and now has a 75 per cent share.

A Stonefield 4 x 4 on/off highway vehicle, which can ford water to a depth of 3 ft.



he Lada Niva from the Togliatti factory in the USSR has a short wheelbase and overall length of only 12ft. 2 in.

Automatic

The power units are standard Ford 3-litre or Chrysler 5-litre engines with automatic gearboxes allied to Ferguson Fomula units made by Borg-Warner that deliver two-thirds power to the rear wheels and the other third to the front. A self-energising clutch automatically locks to prevent wheel spin. A wide range of ancillary equipment can be powered from four different take-off points, two at the rear and two at the front.

Even in its basic form it is a sophisticated piece of equipment built to rugged standards that make it equally at home on Army duty—it has scored well in defence authority tests—as a fire service, mobile workshop or personnel carrying vehicle. Production is progressing towards an eventual 50 a week capacity with a strong export potential.

The Yak Yeoman and the Stonefield team up rather than compete with Rover, the major UK producer of off-the-road vehicles, and will help to defend the home market against increasingly keen competition from America, Japan and Eastern Europe. Ever since the war Land Rovers, supplemented in more recent years by the Range Rover, have enjoyed a virtual monopoly in the home market, besides being a familiar sight in many foreign lands, in particular the Middle East. The new competition provided by a wide range of imported vehicles has perhaps done more than anything to stimulate BL (as British Leyland now likes to be called) into a belated programme to maximise the potential of the Land and Range Rovers and the expertise that has helped to give them a world renown.

Annual output has for some time been running at 50,000-60,000 units, with 40,000-plus Land Rovers and 10,000-12,000 Range Rovers. This is being pushed upwards, with £13m being spent immediately on the Range Rover and plans to introduce an extra shift at the Rover plant. But targets have been missed because of industrial action at supplying factories and resistance to late night working because it is considered unsocial.

Nevertheless, £248m is scheduled to be spent on doubling production. This would help to reinforce Rover's prestige position in world markets and enable it to defend its home market more effectively. Time, unhappily, is not on the British side. The number and variety of competitive vehicles being brought in is increasing all the time.

One of the persistent seekers of a larger share of the market is the Jeep division of American Motors, which makes a range of Cherokees within an annual 160,000 unit output, starting with a two-door basic model at almost £8,000, which is under the Range Rover price, and going on to the Chieftain at nearer £10,000, with automatic permanent fwd available. The junior Jeep CJ. a near equivalent to the short wheel-base Land Rover, with manual or automatic drive, is perhaps better known.

Since the launch in March with 30 dealers the Cherokee has attracted another 20 dealers in all three countries and sales have been sufficiently promising to make the concessionaires think in terms of 700 Jeep sales next year including 450 Cherokees, with the remainder the smaller CJs.

Contenders

Two contenders from Japan are the little Daihatsu and the interesting Subaru fwd, estate, both with 1.6-litre engines. The Daihatsu looks a stubbier version of the Land Rover, lacks its pto facility, but is cheaper and seems to have been well chosen for its market. About 1,000 are being brought in this year, of which about two in three will be soft-tops, and a similar number of imports is planned for 1979. The Subara's fwd enables the estate version to take to the countryside with some aplomb and marks it out as an exceptional vehicle in its class.

Another newcomer currently undergoing type approval testing is the Lada Niva from the Togliatti factory in Russia. This is a short-wheel-base hatch-back saloon in permanent fwd at present only in left-hand drive form. Initial criticisms of vibration and excessive transmission noise have been taken up by the factory. Some 400 are expected to be available for distribution by the end of the year, with a programme to import 1,000 next year.

Still another newcomer being demonstrated to the trade in left-hand-drive form is the Romanian designed Portaro, with a Daihatsu 2.5 petrol or diesel engine, which will be yet another competitor for the Land Rover. This is the Portuguese version of the ARO imported in small numbers three or four years ago. It uses a number of domestic and European components, like Girling brakes, and has a 60 per cent non-Romanian content. It is intended to import 1,250 next year.

While none of these and other contenders for the market may excel the Land Rover or Range Rover in performance and ancillary facilities, do they need to? They illustrate quite dramatically the speed with which the market is broadening.

Peter Cartwright

Drift towards the specialist

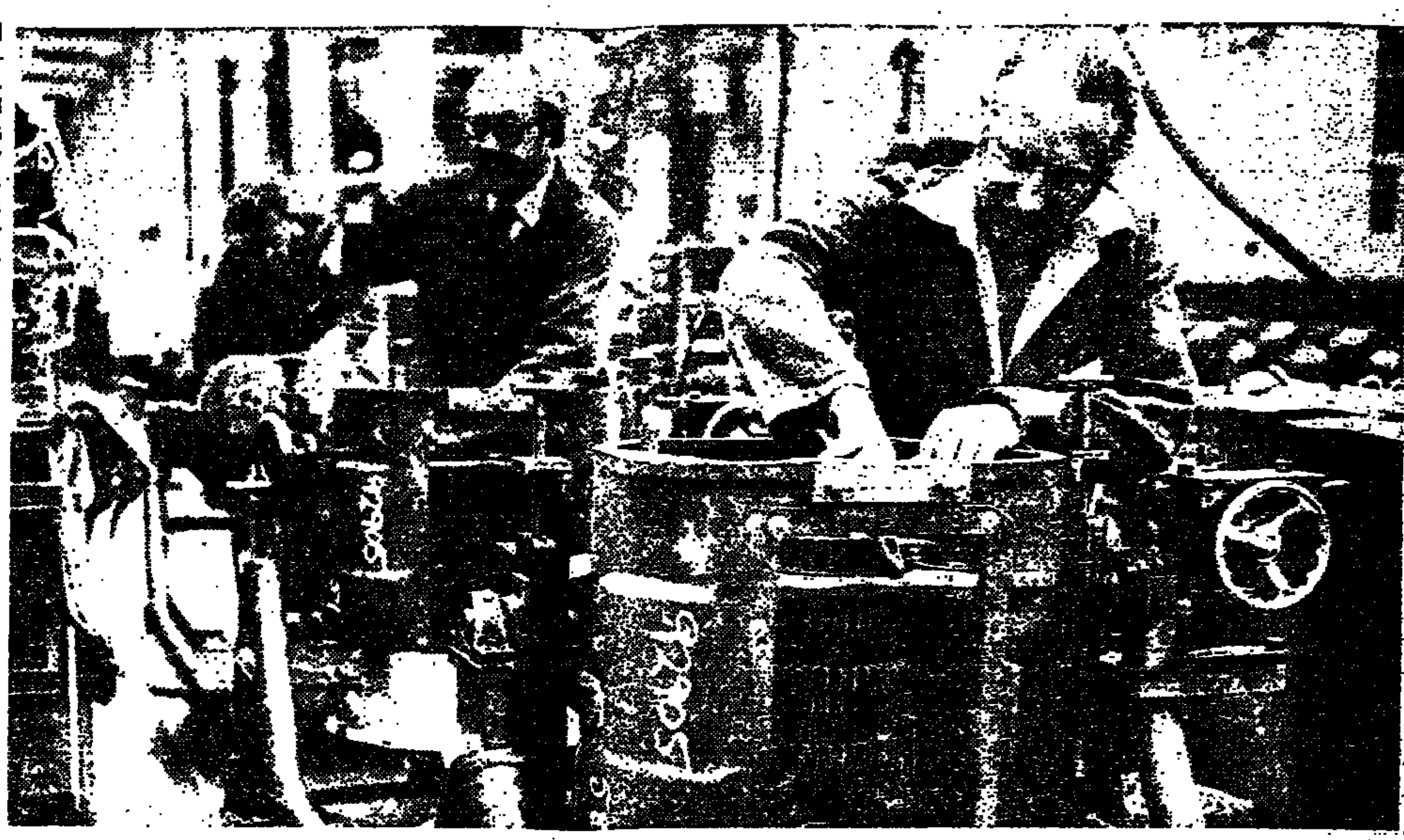
MOST OF the big European vehicle manufacturers make a large proportion of their truck components within their own operations. But a strong divergence of opinion has emerged in recent years as to whether this process has a long-term future. Some component producers, particularly the American manufacturers who have invested increasingly in Europe in the last 20 years, believe that there will be a gradual trend towards the use of more proporietary items made by independent, specialist component manufacturers.

Whichever way the argument goes—it is probably balanced on the side of the truck producers at the moment—there is no doubt that a lot of the emphasis in the commercial few years will fall on component development. This is partly because the biggest scope for reducing the costs in producing vehicles lies in cheaper components, which account for all the single high-cost elements in construction. At the same time, the demands for better fuel economy, improved safety features, reduced emissions and lower noise levels are all creating additional demands for component re-design.

The twin pressures created by the need for reduced costs and new designs is pushing vehicle manufacturers inexorably towards new patterns in manufacturing components. They can go, in effect, in one of three different routes towards this end. In the first place they can aim to become large enough individually to manufacture in-house at high volume levels. This means that the company can get internal economies of scale, thereby reducing manufacturing costs, and offsetting development expenditure against the larger volume. Mercedes is the prime example of a company which has set its eyes on this type of approach in the last decade.

The second alternative is for manufacturers to group themselves together to make common parts or buy from each other. The Club of Four truck, developed by DAF, Volvo, Magirus Deutz and Saviem, is the classic example of this approach. Each manufacturer specialises in supplying a certain component, but they all assemble the commonly-designed vehicle independently. The Club truck has proved expensive to make, and it is unlikely that this particularly ambitious form of co-operation will be tried again. But a number of producers are working on simpler forms of joint component manufacturing: IVECO and Daimler-Benz, for example, are talking about the production of a new automatic transmission for urban buses.

The third approach is for manufacturers to use proprietary items, made by specialist component manufacturers who are able to plan for larger volumes by selling to a range of assemblers, and who should be able to produce more effective designs because of their in-house specialism. This kind of industrial structure is strong in the U.S., and is much more developed in the UK than elsewhere in Western Europe. The British industry has always tended to have a high degree of bought-out components—Lord Nuffield, in particular, built his company mainly as an asembler—and the trend in the UK is, if anything, strengthening under the influence of the U.S. companies who have now established themselves on this side of the Atlantic.


Assembling gearboxes for heavy duty trucks at Eaton's Basingstoke plant.

Engines

The three main areas of development for the proprietary manufacturers at present are in engines, gearboxes and axles. In the engine field, most European vehicle producers are still quite well established. Indeed, in many ways engines are still seen as a basic factor in determining a character of a truck: to be an engine supplier means that the producer qualifies as a significant engineering force in his own right. For this reason, collaborative moves are limited in the engine field, although Daimler-Benz and MAN in Germany make some component parts for each other, and the creation of the IVECO and Berliet Saviem groups will create some rationalisation.

Among smaller engines, the most significant recent development was the decision by Volkswagen to buy a Perkins diesel unit for its new LT panel van. This led Perkins to establish an assembly plant in West Germany. The expanding need for light diesels, created by the demands for more economic fuel usage, has also led to the creation of a joint Fiat, Saviem, Alfa Romeo venture in southern Italy to make units of this kind at the rate of about 250,000 a year. In the UK, the Bedford CF is now being fitted with a diesel engine derived from its sister company, Opel, in Germany.

Proprietary manufacturers have had much more success in supply engines in the UK than anywhere else in Europe. Gardner, one of the longest established independents, which was recently taken over by Hawker Siddeley, is a major producer for the bus and quality truck market, making about 5,000 units a year, and Cummins, the U.S.-based company, has made a big impact since it put down a plant in Scotland in 1956. It now makes about 11,000 units a year at its plant in Shotts, about 70 per cent of which are exported, and is currently engaged in a £25m expansion scheme designed to double production.

Gearboxes are probably the next most prestigious items in a truck after engines, and in this field the proprietary producers appear to have been making considerable advances at the heavy end in recent years. ZF, the German manufacturer, and the largest indigenous European producer, has always had a strong position in its domestic market, where Daimler-Benz, despite its general preference for in-house production, is a major user. More recently, ZF has been quoted for a contract with Leyland Vehicles in Britain.

The main expansion in this field, however, has come from the European subsidiaries of the two large U.S. gearbox suppliers, Eaton and Dana. Eaton, in particular, has been intent on establishing a pan-European presence in gearboxes for trucks of about 8 tonnes gross vehicle weight and upwards, and this was clearly one of the determining factors to establish a new gearbox factory in France. This plant, at St. Nazaire, is capable of producing about 24,000 transmissions, and is additional to its present gearbox capacity of about 60,000 units in the UK.

In the UK, Eaton is a considerable supplier to Leyland Vehicles, Ford (it has 100 per cent of the transmissions on the Amsterdam-made Transcontinental), Bedford, Seddon Atkinson, ERF and Fodens. The only Chrysler trucks it supplies are the units in the Barreiros vehicles made in Spain. On the Continent, its position is not quite so widespread, but it has expanded quite considerably in the last five years. The company has supplies going into IVECO vehicles made in Italy and Germany.

In addition, it sells transmissions to MAN in Germany, DAF in Holland and the new Berliet Saviem group in France—every heavy Berliet truck now has Eaton transmissions stated as an option.

Eaton's main independent competitor in the UK is Turner Manufacturing, the subsidiary of Dana of the U.S., which is well established as a supplier to Leyland and is particularly strong in units for medium-size vehicles. Rockwell, another U.S. group, also has a minor interest in transfer boxes for off-road vehicles.

Two of these U.S.-controlled manufacturers, Eaton and Rockwell, are also well established in the axle industry, alongside the other significant independent European suppliers, SOMA of France and Kirkstall Forge, the GKN subsidiary. Eaton, again, is probably the largest of independents in this area, making about 40,000 units a year, and about twice the size of SOMA: Rockwell is a little smaller than SOMA, while Kirkstall Forge probably makes fewer than 3,000 units.

Mixed

The split of markets between these suppliers is somewhat mixed. SOMA, for example, is a big supplier to the French industry, and also sells to Bedford for some of its medium weight axles. For its new heavy truck, the TM, Bedford has chosen Eaton axles: Ford has chosen Rockwell axles but an Eaton transmission. At ERF, one of the fastest growing of the small independent producers in Britain, Kirkstall has strong links. In Sweden, Eaton has made a significant breakthrough by selling axles to Volvo. SOMA supplies the Club of Four truck, but Eaton is also moving into this range of vehicles. This patchy development suggests that the independent axle suppliers are strengthening their grip over a wide range of the industry.

Another field of component supply which has been developed by US companies is in heavy-duty brakes. Rockwell has been active in this sector, with the development of Rockwell Bremse in Frankfurt, which at present machines units used in the U.S., but which is expected to develop full-scale manufacturing. In addition, the U.S.-based American Standard group has established a strong position in the German market through its Webco subsidiary, recently reinforced by the Clayton Dewandre acquisition in the UK.

All these developments show that the drift towards independent component manufacturers is now well established. It is not likely, over the medium term at least, to go as far as it has in the U.S., where only Mack exists as a highly vertically-integrated producer. One reason is that manufacturers like to be known for the engines they produce. Another is that many European companies would find it difficult to shift from in-house production because of the bias towards protecting established jobs: this is a factor behind Leyland's decision to remain a big manufacturer of components, and it is likely to hinder rapid rationalisation at Saviem Berliet.

The third factor lies in the high labour rates in countries like Germany and Sweden. It would not make sense for the vehicle producers in these regions to be simply assemblers, competing with similar organisations from lower cost areas. They have to have the highest added value possible per vehicle. For this reason, the Swedes remain the strongest example of the vertically integrated manufacturing concept in Europe to-day. If they begin to buy-in components in great numbers, the American system will have truly arrived in Europe.

T.D.

BUSES

British producers meet their targets

THE RECENT delivery of the first Leyland Titan double-deck buses to London Transport ushers in a new era in the British bus industry. This vehicle carries with it Leyland Vehicles' hopes that it will be able to hang on to its dominant position in the British—and world—double-decker market. It has been delivered ahead of its rival Metro-Cammell Metrobus, 50 of which have been ordered by London, and Leyland believes that it has been tested so extensively that it should prove to be reliable in operation.

U.K. REGISTRATIONS OF BUSES AND COACHES
(eight months ended August)

	1978	1977
British		
Bedford	735	860
Leyland Vehicles	2,645	2,630
Ford	573	440
Seddon Atkinson	72	57
Volvo	36	29
Others	2	2
Total British	4,063	4,018
Imported		
DAF	11	1
Mercedes-Benz	26	30
Volvo	87	45
Others	29	170
Total imported	153	246
Grand total	4,216	4,264

Source: SMMT.

Leyland needs to recover from a somewhat tarnished reputation in the bus field over the last few years. The take-over in the mid-1960s of Daimler—then part of Jaguar—gave the group a virtual monopoly of the double-deck market: it has had well over 90 per cent for much of the time since then. But the company was then hit by two main problems. The first was an apparent decline in quality and in the efficiency of the spares back-up service, which for a time created a great deal of annoyance among vehicle operators. The second was an inability to supply to anything like the level of demand.

Both were to some extent involuntary problems. For a start, Leyland had some difficulty in absorbing the merger with Daimler, and throughout the late 1960s and early 1970s it was constrained by cash limitations because of the group's well-known need to support the BL car operations. On the demand side, it was hit by the unexpected change in the transport unions' attitude to running one-man double-deck buses. It had been assumed that the unions would not give way on this point, and that the trend would therefore be towards single-deck units: instead, the market began to go back the other way, bringing with it a big bulge in demand.

Settled

Sales have now settled down on a somewhat more even keel in the UK but Leyland still needs to prove a point with the Titan in order to fight off competition. During the worst days of supply shortages competitors were able to establish themselves in the UK and drive a wedge into some of the big corporation bus fleets which had previously been loyal Leyland customers.

The two main competitors are Ailsa, connected to the Volvo commercial vehicle importers in the UK, which established a plant in Scotland to build double deck buses using Volvo engines and running gear, and Metro-Cammell, based in the Midlands, which later established a similar operation called Metro-Scania, based on Scania components. Since then, both Fodens, the Cheshire truck producer, and Hestair Dennis, the small specialist manufacturer, have announced their intention of moving into the market and developed vehicles to do so.

Whether the UK market is big enough to accommodate all these interests is open to question. Some of the new ventures seem to have come into being, for instance, partly because of the fears of body builders for their long-term future as Leyland goes over to new construction methods (a number of Leyland vehicles are at present sent to body builders to be completed).

In addition, Ailsa has not appeared to be a significant presence in the market for the past two years or so. One of its problems is that it chose a front-engine configuration which is not popular with drivers because of the small driver's cabin it leaves. But it is still fulfilling some orders in Scotland, and is now looking for export contracts in the Far East.

Metro-Cammell, however, is clearly a significant competitor to Leyland. With its eye on new contracts, and on the London orders, it has, like Leyland, designed an entirely new package based on Gardner or Rolls-Royce engines and a Voith transmission. This is also, like the Titan, a monocoque construction, designed for greater strength and safety to a pattern which allows more automation in the construction methods.

Bus manufacturers are being pushed into these new manufacturing methods by the present-day requirements on safety and environmental protection. The vehicles themselves are having to be built so they do not crumble so easily in accidents. They are also expected to vibrate less and to be quieter; engines are being pushed to the back or underneath to give the driver better conditions and to reduce noise. At the same time, Leyland has pioneered a move, with the Titan, towards lower entry steps so that the elderly, who are big users of buses, can get on and off more easily.

These developments are of course expensive, and are going to put up the price of membership of the double-deck club. Leyland, for example, has invested about £3.5m at its Park Royal facilities in London for its first line to manufacture Titans. This will have a capacity of about 350 units a year, and the intention is to have another production line alongside as orders build up. The company's plan is to produce 80 vehicles this year, 200 in 1979 and 350 in 1980: most of this production is covered by orders.

Leyland's overall share of the UK market this year has also gone up. Against 87 per cent last year in a market of 2,028 units (Metro captured 10.5 per cent and Ailsa 2.5 per cent), Leyland has so far this year pushed up to 95 per cent — 1,230 units up to the end of July.

The bulk of this volume is still being achieved by its three existing models, the Atlantean and Fleetline (both made at Leyland in Lancashire) and the Bristol VTR. Between 60 and 70 per cent of these are bodies in Leyland's own facilities at Park Royal, Charles Row in Leeds, and Eastern Coachworks.

In the single-deck bus market, including urban vehicles and coaches, Leyland is also undisputably the UK leader. In the January to August period this sector accounted for 2,505 sales, of which Leyland took a little more than 48 per cent. Bedford was second with 24 per cent and Ford third with a little under 20 per cent.

Leyland's great strength in this sector is with its National bus used for heavy wear-and-tear, stop-start urban work. The National was specially designed for this of course and accounts for probably 90 per cent of these kind of sales.

The National has not been quite the success story it was hoped it would be, mainly because the unexpected switch back towards double deckers has detracted from sales. But the company claims to be building profitably at the moment at a steady rate of 20 a week. This is about half the potential capacity of the plant, although an increase would demand some more investment and considerable manning-up.

Dominant

In the coach field, dealing with vehicles used by private operators, Bedford has the dominent position, although sales in this sector are overshadowed in volume terms by the urban market. The company is claimed to have almost 50 per cent of these sales, doing particularly well with its YMT mid-engined coach chassis first introduced in 1970.

The most encouraging feature for British producers this year, however, lies in the general performance of the industry. Output has gone up — indeed Leyland, which has suffered such serious losses in the rest of its commercial vehicle group, has met production targets consistently this year with its labour force of 3,500. At the same time, imports have been reduced. The figures indicate that they were virtually halved in the first seven months of this year from about 240 units to about 140, against the British industry's sales of some 3,650 units.

The market overall in Britain is slightly down—some 3,800 units in the first seven months of the year against 3,918 in the corresponding period of 1977. The position overseas is also rather sticky at present, because of difficulties in some developing markets. Nigeria, for example, which is now the biggest area for UK commercial vehicle exports, has been less buoyant than in recent years. As time goes on all these markets will be looking to create more local content in their vehicles. On the other hand UK manufacturers believe that they can look forward to a reasonably stable market in Britain at present; and recently more hopes have been raised of double deck orders overseas, particularly in the Far East.

T.D.

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Abundant choice of methods

THE least important con- tion for the user of a com- al vehicle is that of ing its purchase or re- nent. The choice of ds is becoming wider all me with the development r forms of leasing and con- hire arrangements, and arket is both competitive iverse. As an alternative ancing the purchase him- r through a third party, erator may prefer to rent ebicle or—if the move- of freight is not his main ss—he may prefer to et out the job to a list carrier.

decision will depend upon of factors, including the ılar circumstances and of the business. What the large professional r with a highly lised fleet may not neces- be the choice of a one- ipper operator, while the industrial group operating n lorry fleet will approach question of finance dif- ly from the local shop- who runs his own ry service.

Basically, the operator of a commercial vehicle or trailer has four main options. He can put up the cash himself, but, with vehicle replacement costs rocketing in the last few years, this can be a costly business. Compared with the cost of an average fleet motor car of around £3,500, an ordinary van can cost upwards of £5,000 while a heavy lorry can cost anywhere between £10,000 and £20,000 de- pending upon specification. Furthermore, that buys only the cab and power unit—what comes behind, whether a trailer, container or box, will be extra. A very basic flatbed trailer will for instance cost at least £3,500, while a more sophisticated unit, such as a refrigerated trailer, will cost up to £15,000-£20,000.

Inroads

At these levels, fleet replace- ment costs can make substantial inroads into cash flow. With profits squeezed by the trade re- cession and competitive rate-cut- ting, many hauliers may prefer to look to third party financing while many "own-account" operators may prefer to deploy the cash in their main-line business.

There are, moreover, tax considerations to weigh. The rules which make the leasing of company cars so attractive do not apply to commercial vehicles. The first-year tax depreciation allowance on motor cars is limited to 25 per cent (or even less in the case of the most expensive models) unless it is owned by a specialist leasing company in which case the allowance is 100 per cent—the benefit of which can be passed on to the lessee company in the form of lower monthly charges.

For commercial vehicles, on the other hand, the first-year allowance is 100 per cent without exception. But these allowances may not be of immediate benefit to a small-scale haulier making slim profits or to an "own-account" operator paying little or no mainstream corporation tax because of stock appreciation relief and other tax allowances. In some circumstances, there- fore, tax implications may be a relevant consideration.

As an alternative to self-financing, the operator can approach his bank for an over- draft or loan, or make a deal with a finance house or hire purchase company. The true rate of interest charged needs to be closely looked at. Gen- erally speaking, a bank over- draft is the cheapest way to borrow. Interest charges can, of course, be set off against profits for tax purposes, although the real cost of borrowing needs to be considered if interest plus depreciation produce a tax loss in the year of purchase. Tax losses and unused deprecia- tion allowances can be carried forward to a following year, but their deferral reduces their dis- counted value. In any case, vehicle operators in a small scale of business may prefer to keep their credit lines open for other purposes.

The next options to be con- sidered are leasing, contract hire and rental. In neither of them does the operator pur- chase and own the vehicle: ownership remains with the leasing or hiring company. None of them are particularly new, especially contract hire, which has been a familiar practice in the haulage business for years. But more and more different packages are being offered and leasing and renting have both —in different sectors of the market—been becoming more popular.

Leasing was given a particular boost by the relaxa- tion in June of last year of the Control of Hiring Order, which meant that the minimum advance payment required from vehicle operators at the start of a new lease contract could be reduced from ten months to a more customary three months. Since then a number of new small leasing companies and lease brokers have sprung up, and the market has become very competitive. All the major finance houses are active. Among the biggest leasing companies are Lombard North Central (a National West- minster Bank subsidiary) and Barclays Mercantile, while, in the trailer market, there are Crane Fruehauf's own finance company, Transport Interna- tional Pool (another U.S. sub- sidiary) and Eurotrec (part of Tradex Financial Leasing).

Leasing is tantamount to a form of medium term finance. Leases can range from three to seven years, with an average of around five, depending upon the lessee's requirements and the estimated life of the vehicle or trailer. This means that the vehicle can be painted in the operator's own livery, even though beneficial ownership remains with the lessor. The terms available are very flexible and the operator can often obtain almost a bespoke arrangement.

Many leases are arranged on a full payment basis which offers the operator an option to carry on paying a peppercorn rental at the end of the lease once the lessor has recouped the full cost of the vehicle plus interest charges. Alternatively, the lessee can arrange an open- ended lease by agreeing with the lessor at the outset a depreciation rate on the vehicle: at the end of the lease the vehicle will be sold and both parties will share in the profit or loss on the disposal value compared with the written-down value.

The York Hobo suspension trailer.

Residual

Another option is the closed end lease under which the vehicle is taken back by the lessor. Because of the risk facing the lessor in estimating in advance the likely residual value of the vehicle, and thus the need to pitch rates to reflect this risk, this is not a widely used method in the truck and trailer markets.

Contract hire comes in many forms. As with rental, the main difference from leasing is that the vehicle or trailer is returned to the owner at the end of the contract with no sharing of the net proceeds from its disposal. The advantage of contract hire is that vehicles can be taken on for a set period and, if the con- tract is for a reasonable length of time, he can arrange to have them decked in his own livery. The period of rental agreements can similarly be tailored to the operator's requirements—from one day up to several years.

This enables the operator to match his fleet to the fluctua- tions in his workload almost on a daily basis. It thus becomes easier both to control and to predict costs. Furthermore, con- tract hire—like rental—can be arranged to include full main- tenance and tyre replacement. This is a valuable consideration, particularly for small fleet operators, in view of the steadily rising standards required of vehicle maintenance and opera- tion and the critical importance of adherence to these standards for the operator's "O" licence.

The same consideration has led the emergence and growth of a number of specialist firms offering preventive servicing, maintenance, spares replace- ment and breakdown recovery services. They now include BRS Rescue, a national breakdown and recovery service operated by the British Road Services Group, which had attracted the operators of nearly a tenth of the country's commercial vehicle fleet by the end of last year.

However, the fact that run- ning a lorry fleet has become an increasingly demanding and costly business and the develop- ment by the larger or more go- ahead professional hauliers of increasingly specialised and sophisticated freight-carrying, warehousing and distribution services has encouraged more and more "own-account" opera- tors to reconsider their distribu- tion strategies and, within them, the role of their own in-house truck and trailer fleets. In some instances, these reviews have led to a more intensive use of the company's own transport facili- ties. In others, it has led to a decision to make greater use of the facilities on offer elsewhere. So one financing option the "own-account" vehicle operator should perhaps always consider is whether he needs to replace a vehicle at all.

Colin Jones

ROAD HAULAGE

Specialisation to the fore

'ACT that road haulage is aken by a large number sinesses, most of them ing only a handful of es or even only one, is o constitute both the in- 's strength and its weak-

strength lies in the fact business operating on a ely small scale in a highly sensitive to ing circumstances and de- can be much more re- ve and flexible than a one subject to heavily lised direction.

is why the relatively few groups in road haulage— as the National Freight ation (NFC) in the wned sector and the ort Development Group private sector—have both a point of delegating re- bilities as far as prac- down the line. Far from monolithic organisations, e both holding companies a large echelon of sub- es and discreet operating each of them specialising segment of the market n as a profit centre with degree of autonomy.

gest

her, however, has a very ntial share of the ss. The NFC, which is by e largest UK haulage with about 20,000 trucks, trailers and 37,000 staff, aim to only about a tenth professional haulage and only about a twen- f the total freight market. of the business, particu- n the general haulage is in the hands of ly small operators.

because of this—so the ent goes—that the in- is so prone to competitive tting when trade s. Indeed, the traditional which first emerged in 20s and early 1930s and was used to justify the ion of capacity controls industry—has been that lustry is "inherently in- It is this that is said ts weakness.

if this were true at one nd the troubles of the 20s may have partly re- the inrush into the ss after 1918 of demobbed s using auctioned-off ransport—there has been dence of "inherent in- y" in recent years. y controls in this y were lifted in 1969, the present system of ors' licences, based on e of professional com- and financial standing, n. Yet road haulage has d to weather the worst the industrialised world perienced for more than rs.

petition was greatly in- d, rates were cut, losses incurred, a number of s went out of business ets were reduced or re- ent deferred. But it is l whether the ravages ny greater than in other s of industry. Overall, ccount" operators have relatively little use of tatutory freedom to ply e and reward. Certainly, there seems no justification for the re-imposition of capacity controls as some hauliers have been urging (like protectionists the world over)—a bid that the Foster committee reviewing the "O" licensing system is expected to reject when it produces its report shortly.

The fact that the industry has weathered the storm in relatively good shape says something about the profes- sionalism of the modern haulier. It could also lend cre- dence to the argument that road haulage may not be so fragmen- ted as is commonly supposed. Statistics on the structure of the industry can hardly be said to be either plentiful or very up-to-date. But there are a number of studies which have suggested that the average haulage business has become larger in size and that the industry, both here and on the Continent, may have become somewhat less deconcentrated than the bare figures indicate.

One factor which needs to be borne in mind is the trend, especially over the last 10-15 years, towards larger payload vehicles. It is the larger con- cern, which tends to be pre- dominant in long-distance opera- tions or which serves extensive markets, that has access to the heavier traffic flows and able to take advantage of the larger lorry with the resulting scale economies. This is why there are about 10 per cent fewer lorries (excluding vans) on the roads today than 10 years ago in spite of a 30 per cent increase in the tonne-miles (weight times distance) of freight moved by road.

Another factor is the growing specialisation and sophistication of haulage services. Statistics may give rise to an assumption that haulage is one big market, whereas in fact it is a hetero- generous collection of a very large number of markets, each differentiated by area, route, load, and type of service required.

At one end of the spectrum there is tipping work and the movement of construction materials to sites dotted all over the country. This is still very much the province of the smaller operator with fewer than five vehicles—including some of the "cowboy" operators which give the rest of the industry such a bad name. At the other end, there are highly specialised operations such as the move- ment of abnormal loads (power station boilers), dangerous liquids, fashion goods, house- hold and industrial waste, or refrigerated foodstuffs.

The standard of service re- quired from a haulier is similarly changing. Goods in transit tie up industrial work- ing capital. Distribution sys- tems have changed out of all recognition, with the growth of the supermarket, out-of-town store, cash and carry ware- houses and mail order. The suc- cess of branded products de- pends upon high volume sales, low unit costs, strict control of shelf life and rapid stock re- plenishment. Computer con- trols, containerisation and unitisation of loads, and auto- mated handling equipment have revolutionised merchandising systems. The marketing stra- tegies of manufacturers and re- tailers have become more intertwined.

All this has led to the market for haulage services becoming more segmented and spe- cialised. It has also become more sophisticated, with new patterns of demand emerging to which the alert carrier has been quick to respond by offering break-bulk services or the un- dertaking on contract of com- plete distribution systems, in- cluding warehousing, stock con- trol, point of sale promotion, as well as the mere haul of goods from one place to an- other.

The growing segmentation of the market and the increasingly specialised and sophisticated service required from the haulier has not eliminated com- petition. Far from it. But it makes nonsense of attempts to draw from the overall figures for the industry conclusions about the size of haulage com- panies in relation to their mar- ket.

Moreover, entering the busi- ness is no longer simply a ques- tion of acquiring a truck by hire purchase and driving off look- ing for work—not even, the "cowboys" notwithstanding, in the tipping and general haulage fields. The haulier has to un- dertake, or pay for, the proper maintenance of his vehicle, to abide by the increasingly de- manding rules governing its operation and loading, to de- monstrate an adequate measure of financial standing, and to ob- serve the maze of road traffic laws—or else he will run a real risk of forfeiting his licence to operate.

The task of securing maxi- mum efficiency from a haulage fleet has itself became more de- manding with the growth of route restrictions, loading and unloading bans, roadside checks on vehicle fitness and loads, the need to cut vehicle down-time to a minimum—and the pros- pect of a further reduction in drivers' hours to meet EEC regulations. More and more of the larger operators, in both the haulage and "own account" sectors, have been making use of computer-based control systems.

Promised

Furthermore, a further tightening of the enforcement of the vehicle loading and main- tenance requirements has been promised. The Foster committee will be recommending ways of further improving "the quality and efficiency of the road freight industry." And the desire to protect the environment is un- likely to abate.

Looking further ahead, the thicket of bilateral permits and EEC quotas which currently limit hauliers' ability to operate their own direct through services to the Con- tinent and beyond may gradually give way to pressure from Brussels. This would add a trans-continental dimension to the concept of long-distance services (which currently means anything much over a mere 150-200 miles) and so pro- vide yet another role for the larger or more specialised carrier.

C.J.

Sales spread across frontiers

IT IS only in comparatively recent times that the commercial vehicle industry in Europe has begun to take on a truly international character. For many years after the war, manufacturing and sales existed in virtually closed markets. Geographical propinquity between the producer and the user was a significant factor in sales patterns, and strong local traditions and loyalties were built up. Then, about ten years ago, commercial vehicle producers began to follow the example of the car manufacturers and cross national boundaries within Europe.

This has not so far produced a great decline in overseas sales to the old colonial markets. Most of the developing countries have concentrated the development of their motor industries on cars rather than trucks, although their interest is now coming round to the truck sector. But within Europe it has meant a big readjustment in sales patterns. Every one of the major markets in Europe has seen an incursion of imports over the last decade as rival manufacturers in adjacent States have sought out new markets.

There have been three significant factors behind these developments. First they have been encouraged by the international movement towards freer trade and the creation of the EEC. High tariff barriers were a strong deterrent in the truck industry, which has to deal with higher value products than cars. It is significant that in the UK, for instance, EEC producers have developed a much stronger position in the last two years as declining import restrictions took effect.

Second, there has been a strong incentive to establish more international dealer networks as longer-distance trucking has developed. Road transport is now used widely to carry goods right across the Continent in one run, and many loads are now shipped across the English Channel and then trucked on. As this pattern of transport has developed it has been in the interests of the manufacturer to have wider-spread distribution systems in order to provide back-up service facilities. The ability to support a vehicle fleet in remote areas has become an important element in being able to sell the product in the first place.

The third influence has been the emergence of a number of big European groups in the commercial vehicle field. The industry is still not as rationalised as the car manufacturing sector, but it is moving in the same direction, and as it does, the pressure is all in the direction of larger groups capable of greater production economies. The consequence of this trend will be the creation of more competitive manufacturing organisations with greater volumes which must be exported in order to justify production volumes.

The pioneering moves towards greater size and internationalisation started in earnest in the 1960s, mainly concentrated in northern Europe where the three most successful heavy lorry manufacturers—Mercedes, Volvo and Scania — were based. In Germany, Mercedes began to concentrate its efforts very much in the specialist car and commercial vehicle field after the sale of Audi-NSU. The two Swedish companies, on the other hand, had a tradition of building vehicles for a market where road transport was important and where affluence was creating a demand for sophisticated vehicles.

For Volvo and Scania, with fairly unique products on their hands, but only a limited home market in which to sell them, the move overseas was inevitable. As in other industrial sectors, the Swedish companies placed their emphasis on developing specialised products with a high level of quality which would appeal to a distinct niche in the market. Meanwhile, Mercedes went ahead with an enormous new investment in a green field site at Worth, designing a plant with a much higher level of mechanisation than had ever been seen in the European truck industry before. At the same time, it created a whole new range of diesel engines.

No other manufacturer has quite approached the streamlined Mercedes system. But the creation of IVECO in the past three years has produced a commercial vehicle company with a similar size, as wide a range of models, and as effective a marketing spread as any other group. The American companies, too, are now trying to get a similarly wide representation throughout Europe.

Following these moves, the interpenetration of national markets has developed strikingly. According to figures produced by Mercedes, for example, the grip of German producers in their home market has fallen from 95.7 per cent in 1965 to 87.4 per cent last year. British producers, who had an even stronger position at home with 99 per cent of the market 12 years ago, allowed this to slip to 83.5 per cent last year.

The same phenomenon is repeated elsewhere. In France, the home manufacturers' market share has declined from 91.7 per cent to 84.9 per cent, and in Italy it has fallen particularly sharply, from 88.9 per cent to 64.4 per cent.

This trend is not likely to be reversed in the near future at least. The figures already reflect the establishment of several fairly powerful pan-European distribution organisations, and these have become permanent features in the market. All the emphasis in the next few years will be on building more sales on to the structure which has been provided, as manufacturers try to recover some of the investment which they have poured into these international networks. At the same time, most producers have some weaknesses in the overall pattern—Mercedes, for example, has been working hard in the UK for the last two years—and will be pushing harder in these areas.

Outside Europe, similar pressures are being reflected in a variety of markets. European manufacturers, for example, are now moving into the U.S. Mercedes already has a significant network established in the Eastern states (although this sells vehicles assembled in the company's plants in South America) and both Volvo and IVECO have also moved in. Although the volume of sales is very small as yet, the European producers believe that there is a market for medium-sized European-type lorries for inter-urban use. While not competing with the biggest American trucks used on their longer distance routes, these European vehicles answer a need for lighter construction, more economy and diesel engine propulsion.

The American manufacturers themselves are also showing expanding international horizons. They have been particularly vigorous competitors in the Middle East in the last three years, and during the last decade they have invested heavily in their European interests to be able to compete on an equal footing with the indigenous producers. As yet, however, they have not proved to be large-scale exporters: International Harvester, for instance, the largest of the U.S. groups, only exported 15 per cent of its output last year.

The biggest challenge to Western European producers has come from Japan. This has been most noticeable in the UK, where the Japanese have begun selling small vans so vigorously in the last few years that they have now been brought under the agreement on shipment limitations reached with the Japanese authorities last year. But the growth in Japanese sales has been equally vigorous elsewhere in the world, particularly in the smaller European markets, like Finland, the Middle East, Indonesia and Africa.

In Indonesia and markets like Thailand, for example, European producers have virtually withdrawn in the last decade; and in Africa, the Japanese have shown a steady improvement. Much of this success has been based on designing simple medium-weight vehicles which can be adapted to a number of uses, and which are often sold, at very cheap prices, without sides or even door panels. This kind of utility product pays for itself quickly and does not tie up too much capital for the operator. But as in the car sector, the strength of the Japanese has been their diversity of product, ranging from four-wheel drive vehicles, pickups and light vans, to a variety of middle and heavy weight trucks.

In total, Japan exported 1.4m commercial vehicles last year, *which is more than twice as* many as any European country makes. The two top exporters, Toyota and Nissan, shipped 445,000 and 362,000 units respectively, both figures which are close to the total production of individual Western European nations. Of course many of these vehicles are extremely light, and more related to the car industry than to heavier trucks. But the figures give an idea of the enormous growth in Japan's influence in this area.

This growth in competition is clearly causing a great deal of policy analysis in established companies. But of even more concern are the long-term trends towards more local manufacturing deals. Vehicle production is beginning to spread rapidly in developing countries like India, Turkey and parts of Africa, including the biggest potential market of Nigeria. Whether European or Japanese companies will be able to continue exports in any numbers at all to these areas is now an open question. The answer will determine the shape of European manufacturing in the rest of this century.

T.D.

Fuel savings of more than 10 per cent are claimed for the York Aerofoil deflector, seen here on the front bulkhead of a van trailer.

COMMERCIAL VEHICLE EXPORTS, '000

U.S.	
Year 1976	116.9
Year 1977	127.4
% increase	+9%
Four months to April	
1977	52.2
1978	67.0
% change	+28.4%
FRANCE	
Year 1976	143.7
Year 1977	148.4
% change	+3.3%
Half year to June	
1977	80.4
1978	84.4
% change	+5%
WEST GERMANY	
Year 1976	206.3
Year 1977	188.6
% change	—8.6%
Half year to June	
1977	100.0
1978	79.9
% change	—20.1%
ITALY	
Year 1976	48.8
Year 1977	69.9
% change	+43.2%
Half year to June	
1977	36.9
1978	35.8
% change	—3%
JAPAN	
Year 1976	1170.5
Year 1977	1393.9
% change	+19.1%
Half year to June	
1977	627.8
1978	831.8
% change	+32.5%
UK	
Year 1976	189.5
Year 1977	196.8
% change	+3.9%
Half year to June	
1977	109.6
1978	99.1
% change	—9.6%

ENERGY SAVING

High priority for fuel economy

BEFORE THE 1973-74 oil crisis, commercial vehicle designers in *Europe put fuel consumption in* third or fourth place among their priorities. In-service reliability and long life were deemed to be more important considerations for trucks grossing 16 tons and above. Low tare (unladen) weight and low initial cost, in Britain at least, were other prime objectives which tended to outweigh the matter of miles per gallon.

But in the past five years, fleet operators have become far more economy conscious. A vehicle's fuel consumption now figures strongly in establishing its reputation as a whole. In independent assessments by Press road testers or large fleets like British Road Services (who publish their comparative findings) the mpg results are analysed most eagerly by transport managers, who now have to pay up to 90 pence a gallon for diesel fuel.

Vehicle manufacturers, keen to maintain and, if possible, increase their share of total market sales, wasted no time in implementing new fuel-saving programmes. The makers of automotive diesel engines, in particular, have shown how technology can be accelerated if sales are at stake. Research budgets were increased for programmes studying the fundamental combustion process inside the diesel engine.

As the world's largest independent supplier of heavy truck diesels, Cummins Engine Company last year devoted more than 90 per cent of its $30m research and development budget to fuel-saving programmes and the related subject of exhaust emissions, at its engineering centres in the U.S., Britain and Germany.

How could more energy — in terms of horsepower and torque — be extracted from each droplet of fuel sprayed into the combustion chamber? That was the challenge faced by companies such as Cummins, Rolls-Royce and Gardner (now a Hawker Siddeley subsidiary), as well as by truck producers like Leyland in Britain, Mercedes in Germany and Volvo in Sweden, which make their own big truck diesel engines.

Every manufacturer has tended to move the same way by endeavouring to get the fuel into the combustion space more quickly. This has meant faster-opening injectors and higher injection pressures — developments which needed advances in technology to achieve. The cams which directly (in Cummins and General Motors diesels) or indirectly (in other makes of engine) open the injector to admit fuel into the combustion chamber had to do more work without durability suffering. And the fuel system as a whole had to withstand higher pressures without leakage, implying tighter manufacturing tolerances and better seal technology.

Obviously the time taken for the fuel to burn is less critical at lower engine speeds. Also, the improvements in combustion efficiency created by faster, higher-pressure injection, have produced the spin-off benefit of greater engine output. When the two factors are put together it can be seen that engines can run more slowly for the same performance. All those manufacturers who have improved fuel economy significantly have, at the same time, reduced the maximum running speed—typically from 2,100 to 1,900 revolutions per minute.

Miles-per-gallon figures on the new generation of engines introduced *in the past two years* have been improved by up to 15 per cent, where other factors have remained unchanged.

Smaller gains in fuel economy have been made by reducing friction losses, not only in the engine but in the transmission line. Overdrive gearboxes and driving axles with extra reduction gearing in the hubs, for example, are tending to go out of favour because they introduce more energy-wasting friction and similarly wasteful oil "thrashing" losses.

Engine cooling fans, which are driven only when they are needed as cooling water temperature rises above a predetermined level, are now being increasingly specified. A fan can take away up to 20 hp from the truck as it is driven needlessly round when the engine is already running cool.

Reducing air resistance in a quite different way by making trucks more streamlined is another aim of designers. Rounded contours on cabs like that on the latest Mercedes-Benz heavy trucks can bring a 3 or 4 per cent fuel saving under constant high-speed motorway conditions.

Tooling a new cab merely to improve its aerodynamics is obviously not an economic proposition. The operator who runs trucks with high flat-fronted bodies or trailers can achieve similar gains in "mpg" by fitting a proprietary wind deflector bolted either to the cab roof or to the front of the body. Fuel savings of up to 10 per cent have been shown by some fleet users who have fitted deflectors on vehicles which carry bulky but light loads.

Indirect fuel savings can be made by making vehicles lighter, so that payloads are increased for a given all-up weight (controlled by law) and a known level of fuel consumption. Thus the truck's "productivity factor," used as a yardstick by operators and measured in payload-ton-miles-per-gallon, is increased. Aluminium is being employed in place of steel on truck chassis for components like fuel tanks and bumpers to reduce weight.

Unfortunately, fuel-saving refinements are not arithmetically cumulative. In other words, the law of diminishing returns applies. If a wind deflector which, on its own, will achieve a 10 per cent economy bonus, is fitted at the same time as a thermostatically-controlled fan also claimed to give a 10 per cent improvement, the combined effect is likely to be nearer 12 than 20 per cent.

Truck makers and operators must decide on the most economic way of achieving consumption improvements. For the manufacturer the fuel savings need to be related to long-term production costs. For the fleet user the outlay on a more costly yet economical engine must be looked at against the price of a bolt-on fuel-saving option where the latter may or may not show worthwhile benefits in that particular application.

Alan Bunting

Accommodating a necessary evil

…EVER BAD their effect on …nvironment heavy lorries …re to stay and we can only …vour to minimise their …t. We need them and there … alternative. They carry … 90 per cent of our goods …ven if we could shift 50 …nt more freight on to the …ys it would reduce road …t traffic by only 2 per …

…re are only 12,000 miles …l track against 200,000 … of public highways. The …ge road freight movement …niles for a consignment of … 50 tonnes. There are … 1.8m goods vehicles on …n roads, of which 1m are …ans and only about 60,000 …ver eight tonnes. The …e rail freight movement …r 83 miles.

…nty years ago rail carried …f our freight and the com… total of road and rail traffic was 41.5bn tonne-… As long ago as 1971 road was carrying 50.4 bn …miles, while the railway had fallen to 14.9 bn. By …he total had doubled to … tonne-miles, of which …irds of the mileage …n miles) and 87 per cent … goods went by road.

… rail system could not … more than a small pro…n of our freight to aid …vironment. Apart from … sidings there are only …ints of access to the rail…stem for the goods traffic. … must have the lorry, or …would be no goods in the …arkets, no petrol in the … stations, no beer in the … no refrigerators, no …g machines in the shops. … steel and newsprint are …les of goods which just … be delivered in light vans … bicycles.

…n that we must have the … the best thing is to con…em as far as possible to …ays, but we have only 1,500 miles of motorway …tle more is being built. London's M25 ring-road, …is supposed to have top …, is growing but slowly …ing held up by inquiry …nquiry. Even Holland—…th the size of Britain—…0 miles of motorways. …ny has nearly 4,000 miles, …ver 3,000, France more …000.

… cost of running a large … is around 80p a mile, … an hour, so a company …e a great deal of money by using a motorway with a 60 mph truck speed limit against a normal road with a 40 mph limit. This is why the Road Haulage Association and the British Road Federation, both trucker bodies, are pushing for completion of the M25 and the building of more motorways.

The truck is not such a villain as some believe. The weight limit here is 32 tonnes against 38 tonnes in most of Europe and 44 in Denmark, Holland and Italy. There are no more big trucks than there were ten years ago; accidents involving them are down 40 per cent although accidents generally are up 3 per cent. Yet trucks each run up to 100,000 miles a year. Thanks to developments like the use of turbo-chargers, radial-ply tyres, close-ratio gearboxes and wind deflectors and the use of thinner engine oil, there has been a fuel saving of 12 to 15 per cent and a modern 32-tonner uses the same amount of fuel as a 24-tonner of the 1960s. So we move more tonnage with less fuel.

But what are called the "social costs" of the big lorry are noise, air pollution, road wear, accident involvement, vibration, delays to other road users, visual intrusion and damage to buildings. Reducing their size might help—although the industry says not.

The greatest public opposition is on noise. Our lorries are allowed to make a noise up to 88dB(A), although no one seems to stop them making more than that. To give some idea of comparison, the sound under the flight path of a supersonic aircraft within five miles of take-off is 115, a jet on the ground 130, a riveting machine in a sheet metal shop 115, a major road with heavy traffic 63-75dB (A).

It might be possible to get the noise down to 80dB(A) but it would mean redesigning lorry engines and no one knows the cost. When a survey was made in Birmingham it was found that houses on a main road with sound of 70-75dB(A) sold for higher prices than those in side streets with a 52.5 level.

Alternatives to making quieter lorries are changing road conditions like gradients and number of intersections, the road surface, elevation, new tunnels or cuttings, sound barriers at the roadside, building roads away from built-up areas. In our present economic climate none of these is likely.

Britain enforces regulations forbidding black smoke, but this is as harmful as the invisible but dangerous carbon monoxide and oxides of nitrogen which come from cars.

Road wear can be measured, and lorries pay fairly heavily. A 32-tonner running 40,000 miles a year pays a total of £2,900, made up of £900 excise duty and £2,000 fuel duty. A car-owner doing 9,000 miles yearly pays £230, made up of £100 fuel duty, £50 licence, £55 VAT and £25 car tax. It is thought that most vehicles meet what is called their "track cost" except four-axled 30-tonne rigid trucks and 32-tonne articulated vehicles, which reach respectively 0.90 and 0.85 of their cost. Both fuel prices and tax have increased since these calculations.

The British Road Federation considers that most truckers overpay for their use of the road. On the accident front, heavy goods vehicles emerge as the safest road users. In 1976 one was involved in an accident once in 1.125m kms, compared to the motorcyclist's one in 85,000, the worst figure and 13 times as bad. Motorways are much safer than other roads for all users.

Vibration can cause damage in two ways. It can crack plaster and other materials or cause structural damage, though this is rare except in very old buildings. In Britain trucks are limited to 10 tonnes loading on the rear axle and 6.5 on the front, and any increase in these permitted loads would make matters worse. Vibration can trigger off damage as well as cause direct failure. The only solution is to route trucks away from old buildings and narrow streets.

Delays caused by under-powered trucks are irritating to other road users, although lorries are obliged to have at least 6 bhp per tonne. This is not a major problem in most places, but only on narrow roads with steep hills. Lorry operators would of course like higher speed limits.

Restricts

The problem of visual intrusion of the ugly truck, what the President of the Law Society some years ago called "The vulgar and obscene intrusion of juggernaut lorries into places where they are not wanted and cannot, in any seemly fashion, get," can only be solved by better roads to take them away from such places.

As regards damage to buildings the haulage industry argues that trucks form such a small proportion of traffic that they cannot be blamed, and that in any case new roads are the only solution. But, they say, some people object to new roads as much as trucks, so it is a deadlock.

Another solution is the designated lorry route and ban in certain streets, but the problem then arises of how to supply shops, factories or whatever premises are on the streets involved. The industry feels that the solution to most of the problems is in building new roads and improving old. All the savings in fuel made by technical improvements will be wiped out by the 20 per cent productivity loss when driving hours per day are cut from 10 to 8 in 1981.

George Bishop

LEGISLATION

Tightening the grip

IT MIGHT be thought from the outcries of the environmental lobby—exemplified by the pressure group "Transport 2000"—that Britain's heavy truck operators were free from any legal restraints. In fact they are subject to possibly the most complex network of legislation confronting any section of industry.

There are restrictions on all-up vehicle weight, individual axle weights imposed on the road surface, exhaust smoke and noise. A minimum power-weight ratio of 6 horsepower per ton of all-up weight must be achieved by the engine. Through the Operator's Licensing scheme, standards of vehicle maintenance are effectively set. And in the much-publicised tachograph, the Government has added a further, arguably justifiable, constraint on fleet operations.

The tachograph, which gives a permanent ink-trace record on a paper disc of speed, driving time, distance travelled, rest breaks and every opening of the instrument to get at the record sheet, supersedes the former driver's record system required by law.

Legislation affecting the fundamental specification of trucks operated in Britain presents a headache for manufacturers as well as end-users. The uncertainty surrounding Britain's commitment to harmonise its existing Motor Vehicles (Construction and Use) legislation with EEC regulations—in the form of so-called "directives"—makes it difficult to plan ahead in buying vehicles.

Probably the longest-running dilemma has surrounded the matter of permitted vehicle weights. The maximum allowable weight for tractor-trailer combinations was last increased 14 years ago—from 24 to 32 tons. British operators and chassis makers have been expecting a further uplift, to 36, 38 or 40 tons, since about 1970. In most European countries, 38 tons has been permitted since the mid-1960s: while the Italians last year went the opposite way to Britain in spurning EEC recommendations for a 40 tonnes limit, by allowing 44 tonne trucks on the road.

It has been and continues to be difficult for British truck producers to build trucks competitively for 38 or 44 ton operation when the home market calls just for 32-tonners. The picture is more complex in practice, for many UK operators have bought 38 or 40 ton rated chassis in recent years largely in anticipation of a permitted weight increase, though also under the influence of drivers who naturally prefer heavier-duty and more powerful vehicles. The "over-specified" vehicles—typically from Mercedes-Benz, Volvo and Fiat—that are seen on British roads in such large numbers bring the advantages of trouble-free durability because they are working with so much performance in hand. But they are heavier and much more expensive than the basic 32 ton chassis, so that payload ratings drop accordingly. And in most cases their fuel economy is poorer, particularly where drivers exploit the extra performance when accelerating and hill-climbing.

Intrusion

Because of ancient weak bridges on British roads, usually over canals or rivers, the law restricts individual axle loadings as well as total vehicle weights; no more than 10 tons can be imposed on an axle at present. And on a combination of adjacent axles in the bogie of a semi-trailer or a six-wheeled truck, the allowable imposed load depends on the axle spacing. For 20 tons to be imposed on a two-axled bogie the axles must be 6 ft 1 in (1.85 m) apart.

The EEC transport legislators in Brussels propose an 11 tonne axle limit—representing only an 8 per cent increase on the current PK maximum. Driving axle manufacturers have been able to uprate casings with minimal alterations in design. Many have designed 13 tonne axles to cater for French and Belgian markets—where EEC harmonisation implies a down-rating, though many doubt the willingness of any member state to reduce weights.

Higher permitted weights will bring a requirement for more powerful engines — diesels developing at least 240 horsepower for the heaviest 40-ton trucks. Despite the continuing 32-ton limit in Britain, average engine power has risen steadily over the past 10 years. Every major engine producer now offers at least 240 bhp; some, like Cummins and Scania, have diesels developing 350 bhp or more.

A quite different aspect of legislation as it affects vehicle weight will arise next year when the Government's Finance Bill is due to contain provisions for revising commercial vehicle taxation, again as part of EEC harmonisation policy. Rates of duty are at present levied on the unladen weight of vehicles, which means that operators are penalised financially for specifying more durable—and therefore heavier — chassis, driveline components and bodywork. Operators will often avoid fitting shelves or racks in vans if the effect is to push them into the next taxation bracket.

All this will change, however, when gross (or all-up) weight becomes the vehicle tax criterion under the new proposals. On the face of it the new system will be fairer, relating the tax payable more realistically to the wear and tear on roads and bridges. There are already, however, murmurings of dissent from some operators and a welcome tinged with caution from the Freight Transport Association for the suggested change.

Will rates of duty be related to the present "plated" weights marged on every chassis by the manufacturer, as the maximum gross weight for which the vehicle is designed? If so, then companies who run at well below the plated weight will be paying an unfairly high rate of duty. They will be looking for ways of downplating chassis—something for which the Department of Transport allowed a precedent to be created under plating and testing legislation 10 years ago. Downplating is possible if lower-rated tyres (and sometimes springs) are fitted.

Another question asked by the FTA, in its watchdog role, is whether the change in the basis of vehicle taxation will be used by the Government as a covert means of extracting more total revenue from Britain's truck operators.

There are several areas of legislation where Britain might have introduced new restraints on vehicle design but where loopholes have been perpetuated. For instance although external—or "drive-by"—noise levels are the subject of legal control, no law has been implemented to regulate in-cab noise. Because the driver rather than the general public is the would-be beneficiary the matter falls within the province of the Department of Industry (concerned with safety at work) rather than the DTp.

Cab strength is another subject of EEC legislative proposals, but which show little sign of being adopted in Britain, although for British truck manufacturers exporting into the EEC it has been logical to standardise on cab designs which meet European requirements.

In the U.S., the last year or two has seen the adoption of a mass of new laws affecting truck braking. Minimum efficiencies are laid down, which specify allowable stopping distances and a permitted width of roadway in which the vehicle must be brought to rest. This last provision, by implication, demands the fitting of some kind of anti-skid equipment so that trucks—especially tractor-trailer outfits—pull up in a straight line. In Europe no comparable regulations are in force and there are no indications that anti-skid devices will be made mandatory, although component makers like Girling and Automotive Products have such units already on the market.

Alan Bunting

Bathgate strikes a sour note

LABOUR RELATIONS problems in the commercial vehicles industry generally command less public attention than disputes in the car factories, where there is closer identification with the product and the number of vehicles lost through strikes rises more dramatically.

This position has been changed, however, by recent events at Leyland Vehicles truck plant at Bathgate near and tractor plant at Bathgate near Edinburgh.

Machinists at the plant, supported by other members of the Amalgamated Union of Engineering Workers (AEUW), went on strike early in August demanding extra money for operating new computerised machine tools. Both the company and AUEW leaders took the view that under their agreement the men should do the work without extra pay and the union ordered the strikers back to work.

Concerted efforts by the union to persuade the strikers to call off their action met repeated rejection and there is no doubt that the long stoppage at Bathgate had a direct influence on the changes in future investment plans which Leyland Vehicles management announced this month.

Union leaders have been told that there will be a £32m cut in the investment the company intended to carry out at Bathgate between now and 1982; it forms the biggest element in an overall £58m reduction in Leyland Vehicles' investment plans for the period. For Bathgate this means that a proposed new building to produce knock-down kits will be abandoned and expansion of component facilities and other developments also shelved. As a result plans to increase the plant's labour force from 5,500 to 9,000 by 1982 have been pruned and it will now grow to only 7,500.

Perhaps of even greater significance is a Leyland Vehicles' decision that it can no longer allow other plants to be exclusively dependent on Bathgate for supplies. All components produced there will in future be dual sourced and an order for a new lightweight cab which was to have gone to Bathgate is going instead to a Midlands supplier outside Leyland.

Bathgate, opened in the early 1960s as part of Government policy to develop the motor industry in Scotland, has presented Leyland with repeated problems. Despite spates of good productivity its workforce has gained a reputation for unreliability, and output before the strike was running at only 65 per cent of planned production.

The Bathgate workers defied appeals and instructions to return to work despite warnings by Mr. Michael Edwardes, chairman of BL, and their union that the future of the plant depended on improved productivity and working practices. Their determination to continue the action illustrates the extreme difficulty which confronts union leaders who ultimately can rely only on their powers of persuasion when their instructions are ignored.

Industrial relations difficulties in developing motor factories in areas without a tradition in the industry are not unique to Bathgate and many criticisms of the plant mirror those which have been made of the Chrysler factory at Linwood near Glasgow.


Ford D-series trucks in the quality control shop at the end of the assembly line.


Shop steward leaders meet the Press at the BL Bathgate plant, West Lothian, last week.

Trouble

Bathgate is also not the only trouble spot amid a sea of calm in Leyland Vehicles. In the first six months of this year the group produced 9,000 fewer units than in the first half of last year. Last year was in any case the worst ever, with 43,100 vehicles produced compared with 65,400 in 1970.

Recent production in Leyland Vehicles as a whole has been running at 73 per cent. This disguises the fact, however, that output in some factories is much better than others—productivity in the five bus plants, for instance, is better than average and usually runs at around 90 per cent.

However, the overall industrial relations climate was a central factor in Leyland Vehicles management telling union leaders that there would have to be a substantial reduction in planned investment. Disputes and inefficient practices, says the company, are costing a great deal of home sales and putting most of its overseas business in jeopardy.

The unions are dissatisfied with Leyland Vehicles' investment plans for the next five years and are demanding a more ambitious approach to the development of the company. They intend to harness their research facilities and provide management with a detailed alternative strategy within the next few weeks.

Union leaders accept that they may have to go to the National Enterprise Board and seek more public money to finance their plans.

The company has said it is willing to examine the unions' alternative strategy although executives privately say that they do not believe a more ambitious policy can be pursued until productivity improves. Mr. Jack Smart, deputy managing director of Leyland Vehicles, has said that the company will "gradually work itself to a standstill" without improved co-operation from the workforce. It was producing some very viable and economic models but markets would continue to fall off unless it could produce them in the necessary quantity.

Leyland has told union leaders that the £32m investment cut at Bathgate is not negotiable in any discussions they hold on an alternative strategy. Despite this a campaign to reverse the decision was mounted as soon as it was announced.

Many industrial relations issues in the commercial vehicle industry are understandably similar to those in car factories, with complaints about compressed differentials and the inflexibility which several years of tight pay policy has imposed. There is, however, a very close working relationship between unions in some of the plants.

Since the announcement of the Peugeot-Citroen offer for Chrysler's European operations the Luton and Dunstable truck plants of Chrysler UK have become a point of particular interest.

Speculation about the future of these plants, which have themselves suffered a recent strike by workers demanding pay parity with Chrysler's Coventry factories, has varied widely. Some observers see the Chrysler UK truck operation as a base for Peugeot-Citroen to expand in this sector of the market.

However, a joint research report by the main motor industry unions suggested that rather than develop the business Peugeot-Citroen might resell it; Leyland, IVECO and Saviem Berliet were held out in the report as possible buyers. If the union speculation proved correct and the Chrysler truck plants did go on the market the Government would come under strong union pressure to absorb them into Leyland Vehicles.

Alan Pike

طبقا مع الأصل

Euphoria in the fine arts salerooms

BY ANTONY THORNCROFT

LONDON fine art sale- ıave started their 1978-79 this month in a decidedly :c mood. The summer -Sotheby's and Christie's, he largest auction houses -world, still close down 'ew weeks so that their nal customers can go to ouse moors—has given ll a chance to work out w profitable the 1977-78 turned out to be.

·by's net sales totalled ı, a 31 per cent increase ıe previous year. Even the disposal of the von Hirsch collection in in June, which brought 5m in a week, turnover still have been hand- higher. For Christie's nprovement was even sales of £89.1m, a 34 t gain. Phillips also had d at £23.9m, a rise of 11 ent, while Bonhams d £7.5m, up by a quarter. llectively these four salerooms alone had a r in excess of £280m. years ago sales would en closer to £10m.

emarkable thing is that id growth seems likely tinue. The publicity o the salerooms these pecially the eye-catching s like Mentmore and von make both sellers and auction-conscious, and nall local auctioneers out the country are also well. But the main for the expansion is the of the big three sale- o build up international s and to consolidate s position as the centre world art market. n 30 and 40 per cent of lots sold at Sotheby's ristie's are sent in by vendors. No one knows how much goes back abroad but it could approach 60 per cent. The fall in the value of sterling has undoubtedly helped in attracting overseas dealers but the expertise of the salerooms, and the relative simplicity and cheapness of their charges compared with those of continental competitors, are other important factors.

But hand in hand with making London the acknowledged centre for most markets (Sotheby's toyed with the idea of dispersing von Hirsch's collection through other offices but wisely channelled it all through its Bond Street headquarters) Sotheby's, Christie's and Phillips have developed rapidly abroad. Last season Sotheby's drew almost half its sales from its overseas salerooms, with the U.S. bringing in £61m, a gain of almost £17m. Christie's was slower to set up an international network but in 1977-78 the offices in New York, Geneva, Holland, Rome and Sydney almost doubled sales to £32m.

New York

For Christie's the most significant development has been its success in New York. For years it just maintained an office there after it competed with Sotheby's to buy the Parke Bernet saleroom and lost. While Sotheby Parke Bernet stormed ahead for ten years, Christie's held back. Then in the summer of 1977 it ran a sale of Impressionist pictures with mixed results. Since then it has hardly looked back, not only managing sales of £18.3m in its first season but also making a profit of £500,000, a notoriously difficult thing to do in New York. Its policy of charging buyers a 10 per cent premium while cutting the charge to vendors to 10 per cent, or perhaps less, has obviously paid off. Christie's has been particularly successful in selling books and jewels: a Gutenberg Bible sold in New York for an auction record price for any book of $2.2m while jewellery sales brought in $6m, including $715,000 for a 26.95 carat diamond ring by Harry Winston. In the new season a sale of Wagner manuscripts should attract good bids—the score for Tannhauser could fetch $250,000 and Rienzi $200,000.

The danger in opening offices overseas, apart from the high initial investment, is that it could be a case of robbing Peter to pay Paul. Christie's will be carefully watching its Geneva jewels sale this autumn to see whether the American dealers bother to come across. But Sotheby's experience has been encouraging. "When we took over Parke Bernet in 1966," says Marcus Linell, joint managing director of Sotheby's, "I expected it to become more important than London in five years. It has not happened."

Phillips followed Christie's in New York and although it has held 60 sales in its first season instead of the planned 12 it does not expect to be making profits for 18 months. "It is very trappy there," says the chairman, Christopher Weston. "It costs three times as much to do certain things, like printing." Phillips's more immediate achievements have been further north in Canada, where next month it opens a saleroom in Toronto to go with its successful enterprise in Montreal.

Phillips is very cost-conscious at the moment. For two years it refused to follow Sotheby's and Christie's in introducing a buyers' premium of 10 per cent. Now this season it has been forced to do so: it just could not operate profitably enough by relying on the charge to sellers. It also found that while Sotheby's and Christie's could afford to do deals with vendors of important and desirable collections, perhaps reducing their commission to 6 per cent or so, it lacked the flexibility. So far the 10 per cent added to the hammer price has not upset buyers: they have probably become immune to it during the past two years.

The charge to buyers has undoubtedly improved the profitability of Sotheby's and Christie's (both now public companies) and enabled them to fund new developments. Apart from opening offices overseas there has been an awakened interest in the provinces. Once again Sotheby's has led the way, getting together with Bearnes in Torquay and Henry Spencer in Retford, but this week Christie's is expected to announce an acquisition of its own in the north of England. It is worth while keeping an eye on the provinces, not only through local salerooms but by organising "probes" from London, and getting people to bring in their unconsidered trifles for valuation. Bonhams has now got a mobile valuation unit to travel the country, while on a recent visit down to Norwich Christie's, South Kensington, unearthed an overlooked view of Liverpool which is expected to make £12,000 plus at auction this autumn.

The success of the London salerooms is based on their comprehensiveness, their ability to attract the big international collections and to dispose of them in the best markets—Geneva for jewels; Monte Carlo for objets d'art; New York and London for Impressionists and Moderns—while also servicing the small collector. As Peter Wilson, chairman of Sotheby's, points out: "Of the 303,000 lots sold in 1977-78, 62 per cent sold for £200 or less." For every von Hirsch there are hundreds of routine auctions.

Madame Chanel (right), pictured in 1929, and one of her creations which will be up for auction at Christie's South Kensington on October 10th. The famous couturière's personal wardrobe, plus her costume jewellery, go under the hammer.

But von Hirsch was crucial. Sotheby's no doubt negotiated a fee much lower than its usual commission to handle such a prize but the rewards in publicity and in attracting more business were immense. Sotheby's offices on the Continent already report increased inquiries, and the big event for this autumn is a sale of Italian pictures from an Italian collector which should top £2m: another good example of London acting as the art entrepot for the world for the really important items.

Such profitable growth naturally attracts critics. For a public company, with the attendant pressures on its financial return, there could sometimes be a conflict between the traditional role of the expert middleman and the entrepreneur. This is most blatantly revealed in the buying of collections, a common practice in Europe, but traditionally British salerooms were genuine auction houses keeping a fair balance between buyers and sellers. Sotheby's has been an active purchaser, especially in the U.S., where vendors, or executors, often want cash immediately rather than wait some months for the return from an auction. One particular collection of armour was bought by Sotheby's for £500,000 and sold for double that sum. Just recently it has spent £2m acquiring the Honeyman collection of books on science which will appear on the market in the next few years.

In the same way Sotheby's role as advisers to the British Rail Pension Fund has also caused controversy. In practice the Fund has bought from many sources in addition to Sotheby's and once works of art are considered a legitimate investment, it is difficult to see who can offer advice apart from the salerooms. Dealers are too specialist, and museums too circumspect.

Salerooms are careful not to lay too much stress on the investment potential of works of art, suggesting that collectors buy what gives them pleasure rather than profit. But when buyers take this advice too seriously it can slow down the flow of goods. There is a shortage of good furniture at the moment, mainly because people are keeping their investments in their homes. In contrast jewels and books are fast growing markets, mainly because they are small and portable, and easily taken across frontiers. All the salerooms are more anxious about acquiring works of art than about disposing of them, but rising insurance rates in London and nagging fears about a Wealth Tax or Capital Transfer Tax are ensuring a steady supply of goods (furniture apart).

In the main, though, there are no immediate problems facing the auction houses. British demand is picking up in line with the economy, as was to be expected, for the purchase of works of art reflects confidence and prosperity. If the pound improves in value it could discourage overseas buyers who would then find British goods expensive, but there are enough dealers from countries with strong currencies to make up for the weaknesses in the U.S. and Australia, where Christie's has been forced to close down its office.

The major happenings in 1978-79 could possibly be within the salerooms themselves rather than outside. Bonhams could perhaps respond to one of the many takeover inquiries for this family run business; Phillips might consider following its bigger competitors and go public; Sotheby's in New York could decide that it needed to introduce a buyer's premium to stay competitive with Christie's. There might be no major sales on the von Hirsch scale but more lots will come under the hammer, even if there is little profit in such specialist headline-catching events as Phillips' auction of Cricketana last week. For years the London salerooms have prospered because of their knowledge; now that they are very competitive big businesses the race will be on to develop the managerial skills to go with their artistic expertise.

Letters to the Editor

countancy minations

rs. F. Mincer

Once again the con-men Institute of Chartered ants of England and are guilty of their twice- confidence trick.

r to the poor pass rate e July Professional ation II. What these face- guls fail to realise is that rybody is a university e. They willingly l students into training) " and "A" levels, who, successfully passed inter- or foundation and PE I find themselves con- by a PE II paper geared, pposition with university es. These "O" and "A" students are therefore the examination hall under a severe handicap. one ask how many of sent members of the In- are graduates, and how many would success- ass the present PE II ation. Surely some allow- d consideration should e for the students who rved four, five or more nder articles, who now mselves in a situation of r closing and a waste of hard work and studying. ave been exploited as a labour force for the office and auditing jobs. uld have been more fav- to have failed them in ier *examinations*, and not a carrot in front of their nd then lopping it off heir noses.

er.
gbridge Road,
, Essex.

ormal' fares

r. Stephen Harding

Airline officials trying to e problem of what to do e future queues of stand- engers might reflect on that the root cause is alled "normal" fares are out of reach of the public, having been tely pitched at those travelling on business ause they have to travel, taken for a ride at any How many others can ver £200 for the return Copenhagen or Milan? fares have always been with annoying length-of- /or other restrictions for e else to ensure mini- ilution of this lucrative revenue.

: opinion is now ready mal" fares based not, as ast on, what the business will bear but on costs. An dent body is badly this side of the Atlantic aximum "normal" fares to sector lengths and the g costs of an efficient airline using Boeing 737, 727, and Boeing 747 air- n short-, medium- and l routes, respectively. ark fares—the new "nor- ares would allow break- 60 per cent of the seats l. Routes such as London- uld be put out to tender even lower fares for all on the route. The IATA London-Paris are is now £39. Between nd Houston, a greater Southwest Airlines fly 17 non-stop Boeing 737 per day each way. The just £13, dropping to £8 p.m. And the drinks are

es in the fare structure only long overdue but in ines' own best interests. The present mess is ridiculous. What the vast majority of individual travellers want—and should not be denied any longer—is simply to be able to ring up and book a flight, one-way or return, with the minimum of hassle and without being fleeced the expense-account rate. Is this too much to ask?

The airlines' justifications for high fares—having to maintain scheduled services year-round, multiple bookings, no-shows, reservations changes, etc.—can all be dealt with. To put an end to multiple bookings. Second-class passengers would pay for their tickets on the day they made their bookings. Advised cancellations and reservations changes would incur a nominal charge to reflect clerical costs. No-shows would have 25 per cent of the value of the first booked sector deducted automatically from the amount already paid. Carriers would be allowed to withdraw from any routes at any time by giving three months' notice. All very simple.

With the above changes and a measure of Government pressure, direct or indirect (perhaps the removal of length-of-stay and advance-booking restrictions on Laker charter flights), fares within Europe would come down initially to about half their present levels, more in line with those charged in North America. As the margins between the new rational "normal" fares and the remaining lower promotional fares would now be relatively small, most people would probably opt for the "normal" fares, paying small stopover charges for stopovers taken. Added advantages for airlines, apart from a passenger drift-back from charters to scheduled services, would be fewer people would be tempted to fiddle, the need to overbook passengers would be significantly reduced, fares could be included in timetables again without embarrassment, airline staff could concentrate on taking—rather than explaining—fares and last-minute travellers would stand a much better chance of being able to get through on the telephone to actually make their reservations.

Stephen Harding,
9, Eaton Place, SW1.

Dangerous trees

From Mr. J. D. T. Greig

Sir,—I agree with Mr. Timms (September 13) that it can be unrealistic to look to Government departments to provide effective remedies in disputes across the garden fence.

Even so, I feel that another reader was poorly advised by the Financial Times recently (August 26) when you suggested that his best course, suspecting that a neighbour's tree was in a dangerous condition, was to put his neighbour on notice of the hazard and of his liability should the tree fall and damage his property. A more practical step would be to call on his local authority (under S.23, Local Government (Miscellaneous Provisions) Act 1976) to make an inspection of the tree and, if it "considers that the tree is in such condition that it is likely to cause damage" to the complainant or his property, to require the neighbour by notice to make the tree safe within a specified period of time. Of course this leaves it up to the local authority whether it takes up the cause with vigour, but the practical advantages under the Act are as follows:—

1. If the owner fails to carry out recommended work to the tree, the local authority has power to do the work itself and recover the expenses from the owner; thus, having already pronounced the tree dangerous, the authority is put on the spot;

2. Similarly, if the danger is imminent and the council cannot trace the owner of the tree, it can take the necessary steps itself without further ado and recover the cost later; and

3. Whatever happens, the complainant will have obtained the benefit of a free expert opinion as to whether the tree really is, or likely to become, dangerous.

J. D. T. Greig.
15B, Gauden Road, SW4.

Payment by results

From the Chairman, The Anne Shaw Organisation

Sir,—Mr. Williams is absolutely right in his statement on September 20, that non-manual workers' incentive schemes must be fair and seen to be so, that they should be reward for genuine assessment of efficiency and prompt. He assumes that these requirements are met by PBR schemes for manual workers.

I strongly disagree. Such incentive schemes are frequently unfair and seen to be so by those familiar with the shop floor.

PBR schemes are liable to be fraught with inconsistencies and inequities whatever the type of work involved. Standard setting cannot be absolutely objective and tends anyway to be unrelated to actual levels of performance which reflect instead a whole complex of individual and social values and pressures. Thus control of level of production becomes "unofficial," and outside "official" managerial influence; overall planning and co-ordination are adversely affected.

The complexities of modern production techniques make it difficult to isolate individuals for incentive schemes and the dependence of one production worker on other production workers, maintenance men, and supplies, for example, makes such an isolation unsatisfactory.

However, a PBR scheme that focuses on a group of workers also has disadvantages. Incentive effect is lessened when applied to combined effort and group reward systems may not satisfactorily accommodate less able or less efficient workers in the group.

Furthermore, research suggests that PBR, while initially apparently effective tends to be subject to markedly diminishing returns in later stages.

Thus I would suggest that the potential of this type of scheme is limited in both application and value for manual as well as non-manual workers. Where such schemes already exist and are accepted as working satisfactorily, there is of course, no reason for them to be discontinued.

However, the suggestion made by Mr. Williams, in his earlier letter published on September 6, that PBR schemes should be promoted on a widespread basis as a major cure for this country's economic ills, strikes me as a disturbing one.

There is a rigidity in setting standards of performnace that is inappropriate to the pace of modern technological development and change. It is flexibility that must now be emphasised. If workers are prepared to undertake any task required within an organisation, if management is prepared in return to guarantee continued employment, and if all are willing to participate in adaptable co-operation, then we will achieve the increased productivity that is so urgently required.

A. G. Shaw,
Brook Lane,
Alderley Edge, Cheshire.

Information gathering

From the Information Officer, Institute of Personnel Management

Sir,—Mr. Dan Smith in his article "Making sure managers are well informed" (September 18), considerably undervalues the role of the information specialist when he says that the company "information gathering job can be given to information scientists, librarians and researchers." (For "can" read "should.") The recent information explosion necessitates that this function is carried out by qualified information specialists, whether information scientists, librarians or researchers, to ensure company managers are kept well informed.

Any professionally run information service is geared to the needs of its users and to suggest that the information person may be so isolated that they need a "liaison man" with experience of the industry is utter nonsense. How can the information specialist fail to be aware of management needs when he/she is daily plied with requests for information? A proper information service exists not only to provide information in response to demand but also to analyse and anticipate company needs. This is undoubtedly a function best performed by the qualified information specialist.

Alison Jago,
Central House,
Upper Woburn Place, WC1.

Building societies

From the Secretary-General, The Building Societies Association

Sir,—Sir Cyril Black expressed concern (September 20) about mortgage funds being diverted to Europe. There is no question of this happening in the short term; indeed, in the longer term it seems likely that mortgage loans arranged in (say) Belgium would be financed by Belgian investors.

What building societies are doing is to stake a claim to operate in Europe and to ensure that they are in no worse a competitive position there than savings and loan institutions based in other countries of the EEC.

Norman Griggs.
14, Park Street, W1.

Investment decisions

From Mr. E. J. Pinches

Sir,—Even when the 1929 Companies Act was still in force, chairmen of companies used to sit up and take notice when "the Man from the Pru" walked into a meeting where his own firm had a stake, but he always performed his role in a pleasantly low key.

Nowadays, however, associations of investment managers "bang a big drum," and directors of groups quite openly have private meetings with them at which, in the nature of things, information must be passed that is not at the same time immediately available to, perhaps, 50,000 other shareholders.

It all seems vastly improper to me.

E. J. Pinches,
111, Dollis Road,
Mill Hill, NW7.

Today's Events

Mr. Roy Jenkins, EEC Commission president, addresses seventh world congress organised by the Society for Long Range Planning at Dorchester Hotel, London.

IMF/World Bank annual meeting starts in Washington.

Herr Helmut Ronnenberg, managing director of the German Confederation of Employers' Associations, lectures on business prospects and problems in West Germany at London Chamber of Commerce and Industry seminar.

European Offshore Industry Export Conference opens at Connaught Rooms, London (until September 27).

EEC Agriculture Council two-day meeting starts—plans to reduce milk surplus to be discussed.

Two-day conference on "Post Office Telecommunications — the way ahead?" opens at Cumberland Hotel, London. Speakers include Mr. F. Phillips, PO Telecoms marketing director.

Sir Peter Vanneck, Lord Mayor of London, visits Chicago.

Britain discusses new air traffic agreement in Copenhagen with Norway, Sweden and Denmark.

Vicomte Etienne Davignon, European Commissioner for Industry, addresses International Federation of Cotton and Allied Textile Industries five-day conference at Grosvenor House, London.

Re-opening of Marine Midland tax test case before the City of London Special Tax Commissioners.

British Tourist Authority annual report.

Peru resumes industrial fishing—but anchovies must not exceed 20 per cent of catch.

Fifth Commonwealth Magistrates' Conference continues at Oxford (until September 29).

Crown Agents' Tribunal resumes at Church House, Westminster.

President Carlos Andrés Perez of Venezuela flies to New York to speak at the UN on the Nicaraguan question.

Three-day "Ready-to-Wear" Fashion Fair opens in Harrogate.

Five-day conference on "Trends in Physics" opens at York University.

Duchess of Kent attends Women of the Year Luncheon at Savoy Hotel, London.

COMPANY RESULTS

Final dividends: Adwest Group. Chambers and Fargus. Parker Knoll. Interim dividends: C. D. Bramall. Fisons. General and Commercial Investment Trust. Jersey Electricity Co. Albert Martin Holdings. Metalrax (Holdings). Ruo Estates Holdings. Tarmac. Interim figures only: Channel Islands and International Inv. Trust.

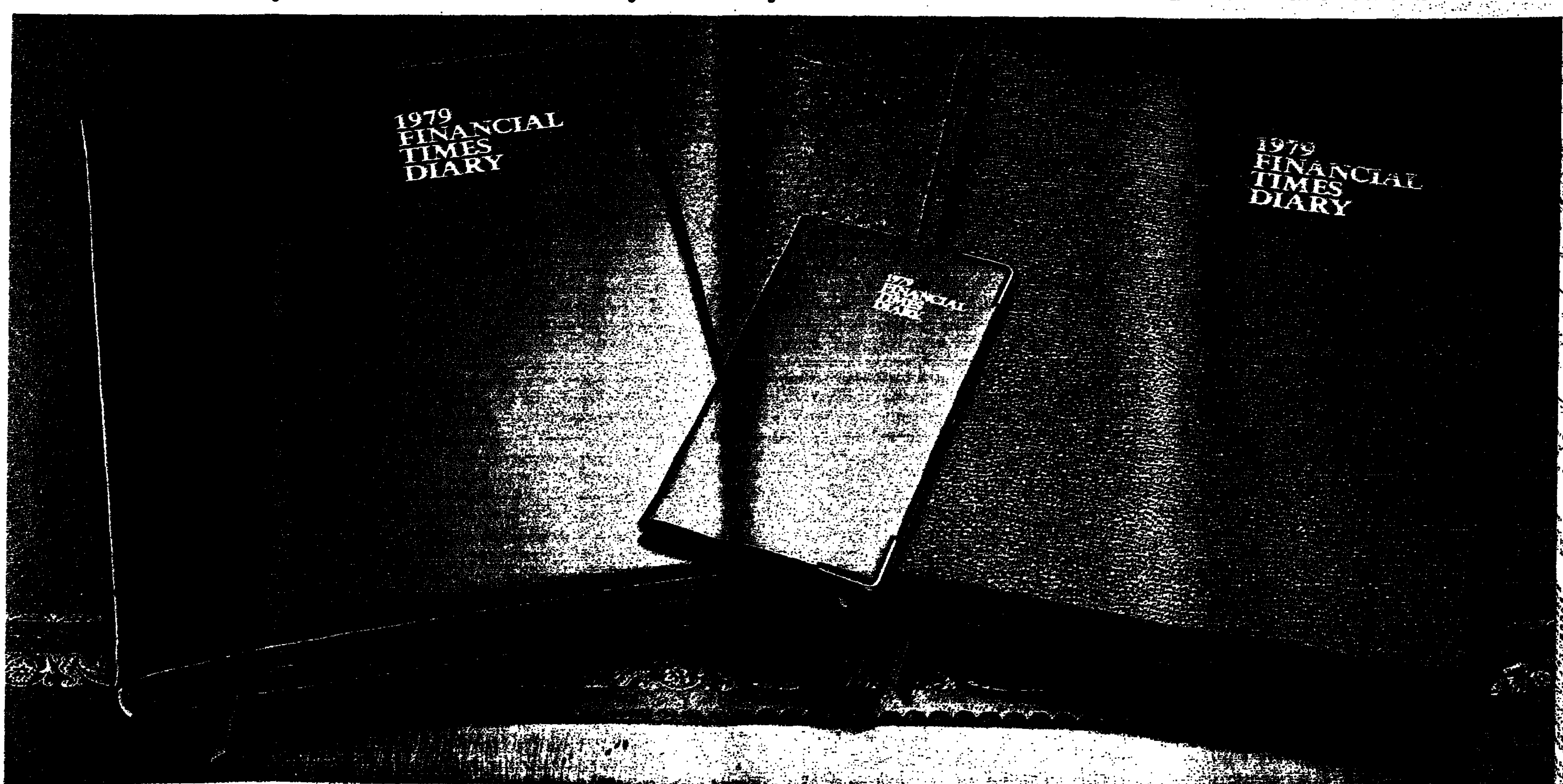
COMPANY MEETINGS

See Financial Diary, page 38.

SPORT

Boxing: Johnny Owen v Wally Angliss, bantamweight, National Sporting Club, London.

Tennis: Pernod Trophy, Nottingham.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Further fall likely in interest rates

BY MICHAEL BLANDEN

SHORT-TERM interest rates in the UK are likely to fall further before the end of the year, in response to credit controls which have slowed the growth of money supply, according to Williams and Glyn's Bank.

In its latest review of international interest rates, the bank commented that money market rates in the UK had eased slightly during the month to mid-September, but the prospects of an early fall in minimum lending rate had receded because of the upward movements in the U.S.

On the other side of the Atlantic, the Federal Reserve had raised its discount rate in the light of recent disorderly conditions in foreign exchange markets and continuing inflationary problems.

Major banks' prime rates had risen to 9.25 per cent on August 30 and to 9.5 per cent on September 15. "Indications are that rates may move higher still," the bank commented.

In the European money markets, however, conditions had been relatively quiet. The only change in official discount rates in Europe was a 1 per cent cut in the Italian bank rate.

The reduction from 11.5 per cent to 10.5 per cent on September 1 reflected the Italian Government's strategy to promote recovery in industrial production and followed a decline in market rates.

Major commercial banks subsequently announced broadly similar reductions in their prime lending and deposit rates.

There were falls in market rates in France, Denmark and Sweden, reflecting easier credit conditions, while a 1 per cent rise in Norwegian overdraft rates.

There were falls in market rates in France, Denmark and Sweden, reflecting easier credit conditions, while a 1 per cent rise in Norwegian overdraft rates followed the recent rises in other rates of interest.

Short term interest rates at September 15

Country	Bank Rate %	Overdrafts %	Loans %	Commercial and Finance Paper %	
FRANCE	9.50 1.9.77	10.35 plus commission of 0.05% per month on highest debit balance in month. 9.90 minimum rate "Credit mobilisable"	9.90 min. for corp. borrowers.	Commercial Bills 90 days Finance	9.90 9.90
ITALY	10.50 1.9.78	17.50	—	Commercial Bills to 180 days	16.50
THE NETHERLANDS	4.50 26.7.78	7.50-8 including surcharge of 0.5%	—	—	
SWITZERLAND	1 28.2.78	6.25 unsecured 5.75-6 secured	4.75	Commercial Bills to 90 days	3.25
U.K.	10(M.L.R.) 8.6.78	11-16	11-16	Commercial Bills Bank: 3 months Trade: up to 180 days	 9.16-9.22 9.88
W. GERMANY	3 16.12.77	6.38-6.50 Sometimes reduced for first class borrowers	6-6.38 Sometimes reduced for first class borrowers.	Commercial Bills	6-6.38

Unemployed benefits 'should be taxed'

UNEMPLOYMENT benefits should be taxable, and the extra revenue should be used to raise their level, says the Midland Bank Review, published today.

The change would permit the present system of benefits to guarantee a minimum income while at the same time reducing the disincentive to work.

The two authors, Professor A. B. Atkinson of University College, London, and Mr. J. S. Flemming, Fellow of Nuffield College, Oxford, say that only a small proportion of people are actually better off when unemployed.

However, because income is taxed and benefit is not, it was sometimes advantageous for an unemployed individual to stay out of work a little longer rather than take the first job offered.

Refunds

The failure to tax short-term National Insurance benefits did not arise from failure to recognise the problem but from administrative difficulties.

In 1948-49, when benefits were taxed, the Inland Revenue found the task unmanageable, mainly because the operation of the Pay As You Earn cumulative withholding system relied on the employer making payments to do the withholding.

The authors say that this problem could be tackled by using information already available to the tax authorities to make minimum estimates of benefit received and to take these into account in making tax refunds.

The extra revenue gained from this change should be used to extend the present maximum of 12 months for National Insurance benefit to 24 months in the first instance and ultimately to an indefinite period.

Bank expects good year for economy

ECONOMIC PROSPECTS next year are relatively encouraging, says the monthly report of the National Westminster Bank. The main uncertainty remains the rate of price rises, though only a modest increase in inflation is likely, it says.

Dr. David Lomax, economic adviser to NatWest, says in the report that North Sea oil revenues next year will support the balance of payments and taxation policy, and cover any deterioration in the rest of the economy.

"In particular, the first oil from the Ninian Field is due to be shipped ashore about the turn of the year.

"This underlying protection for the balance of payments, combined with our assumption of only a relatively modest increase in inflation, should help to maintain a fairly stable exchange rate."

But with a smaller gap next year between prices and wages, economic growth was unlikely to be as great as this year, and unemployment would remain high.

Shed human skin 'dust hazard'

Financial Times Reporter

THE MAIN home hazard to asthmatic children is created by bacteria in shed human skin, which makes up 70 per cent of household dust, says Dr. Raymond Clark, of the Clinical Research Centre Aerobiology Unit, Harrow, in the medical magazine MIMS.

Dr. Clark says that the average human sheds his whole skin every seven to ten days. Vacuum cleaning and dusting increase the amount of dust in the air, and asthmatic children should be kept away while cleaning goes on.

Make thugs pay, says MP

MR. NEVILLE TROTTER, Conservative MP for Tynemouth, has written to Mr. Merlyn Rees, the Home Secretary, demanding an explanation of a letter sent by an official at Luton magistrates' court asking a woman victim of violence to waive a £20 compensation order.

The letter quoted Home Office policy that youngsters finishing detention or Borstal training "should have a fresh start and be free from any continuing obligation to pay."

Mr. Trotter wrote: "This is quite monstrous. The concept of the victim being compensated out of the pocket of the thug is a wholly good one."

COMPANY NEWS

BET on course for further improvement in current year

SIR JOHN Spencer Wills, the chairman of BET Group, believes profits in the current year will show an advance on the £67m pre-tax level achieved in the March 31, 1978 year.

He says in his annual statement that to date a number of group companies are showing useful increases in profits, others are reporting unchanged results and one or two are finding it difficult to match last year's figures. Overall, the trend is in the right direction.

Sir John, who is to relinquish executive duties before the end of the year, but will stay on as chairman, says that on the printing and publishing side prospects for the year are good and further growth in profits of the publishing group should be realised. The group now has 40 newspaper titles against 32 last time, and the number of magazines and journals has increased from 47 to 53.

With Canadian Motorways profits are expected to be lower than the reduced £1.29m recorded in 1977-78. Severe weather conditions in the first quarter disrupted operations and the short term business outlook is gloomy, Sir John says.

In the reclamation and disposal operations, Biffa Holdings last year achieved a record £273,000 profit and is on the watch for suitable opportunities for expansion. Re-Chem International last year cut its loss from £295,000 to £141,000, and its toxic waste treatment centres are steadily improving productivity.

At Humphries Holdings, a pre-tax profit was achieved last year, but its subsidiary Mole-Richardson (Stage 3 and Studio Engineering) increased its loss, largely owing to work carried out on major contracts entered into on unsatisfactory terms in earlier years. Further expenditure was incurred in the National Theatre contract, which is still not completed.

At United Transport trading has been on a par with last year, but with the loss of a half year's share of profits from African Bus Service Pretoria following the sale of this undertaking, profits for the group as a whole could be lower than last time.

In Australia further rationalisation is underway, while in Germany further extension of facilities is proposed following the increase in profits there last year. United Transport has recently acquired an air freight aircraft "such is the growth in requirements for cargo charter flights."

Advance Laundries is currently replacing much of its lost business volume following the recent increase in industrial activity, but overall profits are not expected to differ much from the £3.35m earned last time. Advance, in conjunction with the Plessey Group, has recently launched a clean-air service, and while it already has a number of customers it will take some time for its full potential to be realised Sir John says.

The improvement at Thames Television in the June 30, 1978, year will be reflected in BET's accounts this year, while at Rediffusion Holdings the group is committed to spending some £1.9m at Wembley Stadium under the Safety of Sports Grounds Act.

At Murphy Bros. the new management expects further improvement in the current year. The civil engineering subsidiary has built up an order book which will carry it well into 1979, and with open-cast mining, although the market for coal is no longer expanding at the rate predicted, prospects in the medium- to long-term still look good, says the chairman.

The potential earning power of the plant hire companies is well in excess of the current profit level, and although best results may not be achieved until 1979-80, a useful increase is looked for in the current year.

It is hoped that plant hire rates will be further improved and maintained. Capital spending at Grayston this year is likely to amount to more than £4m, and at J. D. White some £3m has been authorised.

At Rediffusion manufacture of its new range of colour televisions began in the early part of the year and a satisfactory and constant level of production has been achieved. In Hong Kong, one of the three Chinese language television stations has suspended operations and Rediffusion's improving trend in audience share and revenue is expected to continue.

Overall, Rediffusion profits are expected to show an advance on those of last year.

The group has authorised capital expenditure of £71.61m for the year, compared with £53.27m last time.

Ashley Ashwood

Sir John Spencer Wills, chairman of The British Electric Traction.

Sena Sugar decides against liquidation

HAVING REGARD to the position taken by its principal creditors and a major stockholder, and notwithstanding the situations in Mozambique and Portugal, the directors of Sena Sugar Estates have concluded that it is inappropriate to take steps to put the company in liquidation.

They say that when they requested the Stock Exchange to suspend listing of the company's securities on July 20 last, they indicated that liquidation appeared to be inevitable.

However, the London office of Sena will be closed down on September 29, and the management and selling agency agreements between the company and Hornung and Co., will be terminated from September 30.

The company will maintain a minimum presence in the UK consistent with the needs to resolve the liabilities associated with its Mozambique operations, and to take such steps, as can be taken, to protect and preserve the company's assets.

The directors intend to submit to stockholders for early approval in 1979, balance sheets as at December 31, 1977 and at June 30, 1978. While the company's borrowing powers until the end of 1978 are set at £40m, they say that in the absence of further amendment, this limit will be reduced to £19m on January 1, 1979.

Explaining the company's position, the directors say that operations in Mozambique are no longer under their control, and the position regarding the liabilities associated with these operations, has to be resolved.

The subsidiary in Portugal, Sociedade Industrial do Ultramar (SIDUL), continues to trade profitably, but the directors' right to exercise control over it, or the company's other assets, in Portugal, has been assumed by the director resident there.

Portuguese law protects the company's Portuguese, UK and other stockholders resident outside the country, where confiscatory or similar measures have been taken.

The principal creditors outside Mozambique have indicated that they see an advantage in the company not going into liquidation, and a major stockholder in Portugal has indicated that it would resist any steps to place the company in liquidation in the present circumstances.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—C. D. Bramall, Fisons, General and Commercial Investment Trust, Jersey Electricity, Albert Martin, Metalrax, Ruo Estates, Tarmac.

Finals—Adwest, Chambers and Fargus, Parker Knoll.

FUTURE DATES

Interims—	
Ash and Lacy	Oct. 13
Ayrshire Metal Products	Sept. 27
Berec	Oct. 27
Combined English Stores	Sept. 28
Foster (John)	Nov. 8
Hurst (Charles)	Sept. 29
Legal and General Assurance	Sept. 27
Marshall Cavendish	Oct. 2
North British Canadian Invest.	Sept. 29
Provident Life Association	Oct. 17
Wilmot Breeden	Oct. 16
Finals—	
A.B. Electronic Products	Sept. 26
Backman (A.)	Sept. 27
Bejam	Oct. 9
Footwear Industry Investments	Sept. 28
Scottish Metropolitan Property	Oct. 10
Sime Darby London	Sept. 28

Recovery at Southern Constructions

The anticipated return to profitability in the first half of 1978 has eventuated at Southern Constructions (Holdings) with a pre-tax profit of £33,000 compared with a £650,000 deficit in the same period last year.

The directors say the gradual recovery from 1977 should continue against the background of some small improvement in trading conditions in the industry.

Any dividend for 1978 will be considered in the light of the full year's results. No dividend was paid last year when a £1.45m loss was incurred.

Sales and work done in the first half this year totalled £6.86m against £6.33m. Tax charge is £17,000 (£336,000 credit).

Abbey Life fund value passes £100m mark

The Abbey Equity Fund managed by Abbey Life Assurance has passed the £100m mark, the second fund managed by the company to do so. This has been revealed by the company on the occasion of the publication of the annual report of the fund. This shows that at the year-end the fund stood at £56m, compared with £73m at the beginning of the year. But, since the year-end, the strong upward movement in the equity market, combined with the new money received for investment has taken the fund value beyond the £100m level.

During the year under review, the unit price rose by 13.3 per cent, but allowing for the additional units added for distributable income, the rise in investment value was 16.2 per cent.

The managers point out that the fund benefits to a great extent from the bid made for certain investment trusts. During the year there were three bids made for major investment trusts and the fund had significant holdings in all of these trusts. These activities raised over £7.5m.

Looking into the future, the managers anticipate that equity prices will at least remain firm and probably move to higher levels.

Bestwood slips at midway

Pre-tax profits of Bestwood Company were down from £26,098 to £20,260 for the first half of 1978. Profit for the whole of 1977 was £60,481.

Six months figures comprised of profits of subsidiary John Brown (Printers) £27,952 (£28,907), less depreciation £7,834 (£7,083), plus the net income of the parent company £132 against £4,274 last time.

Tax took £15,122 (£16,507) leaving a consolidated net profit of £5,138 compared with £9,591. Turnover was little changed at £280,809 (£281,078).

The directors state that, as usual, no dividend has been received from 24.6 per cent owned Foraky, during the first six months of the year.

The position at John Brown to date indicates that profits for the full 1978 year are likely to be comparable with those of 1977.

AGB sees maintained growth

THE OUTLOOK for world trade and for the growth of the UK economy remains doubtful, Mr. Bernard Audley, chairman of AGB Research says in his annual statement, and he adds that while the group cannot expect to be altogether insulated from the effects of general uncertainty, the sprea dof its activities is such that its rate of growth is likely to be maintained.

As known pre-tax profits for the year to April 30 1978 rose by 36 per cent from £1.01m to £1.37m on turnover up 39 per cent to £11.04m. The dividend is increased from 2.058p to 3.4p net per share, in the context of the one-for-four rights issue in March which raised £990,000. A one-for-three crip issue is also proposed.

In pushing turnover up to over £11m the chairman says that margins have reverted to levels of some two years ago, due in part to substantial costs, during the year, borne in respect of new services; as these start to contribute to future profits, Mr. Audley says: "We shall look once more to an improvement in our margins."

The group's cash position is "highly satisfactory" with a net facility position in the UK of more than £1.5m.

Commenting on the recent publishing acquisitions the chairman says that they establish the company as a major force in the information industry with great potential for expansion both in the UK and abroad.

The purchase of the three trade and technical publishing house, Business Publications, Arthur J. Heighway Publication and Hulton Technical Press brings 26 magazines covering electronics, transport, office equipment and commercial fishing industry into AGB.

One of the group's strengths, Mr. Audley says, is heavy investment in technology, particularly in the field of computers and micro-processing. Electronic meters for overseas TV audience measurement last year absorbed £230,000. In TV measurement AGB has a new three-year contract in Holland, a five-year contract in Hong Kong and another due in Italy while at home, because of the Annan report, recommending a single unified audience measurement service, the BBC is likely to subscribe to the JICTAR service next year.

Also, he says: "we have developed a direct-wire system of meter measurement capable of producing audience figures overnight, and this will be introduced in the London ITV area in December 1978."

To the group's syndicated market research services INDEX is to be added this year. This has the largest potential of all, Mr Audley adds, providing information on how Britain's population saves and spends its money

Southampton Steam Packet ahead midterm

Mainly reflecting a £154,233 surplus over book on the sale of a vessel, pre-tax profits of Southampton Isle of Wight and South of England Royal Mail Steam Packet Company increased from £61,297 to £249,343 for the first half of 1978.

For the year, the directors expect the results to show a satisfactory improvement over the record £486,777 of 1977.

The interim dividend is lifted from 3.125p to 3.5p per 50p share—last year's total was 8.935p.

Tax charge in the half year amounted to £129,658 against £31,874.

FT Share Service

The following securities have been added to the Share Information Service appearing in the Financial Times:

British Aluminium (Section: Engineering).
Candecca Resources (Section: Oils).
Emray (Section: Industrials).

BIDS AND DEALS

Legal action taken over Burmah deal

Santos has initiated legal action over the proposal by Burmah Oil, of the UK, to sell its 46 per cent stake in South Australia's Copper Basin gas fields, which supply Adelaide and Sydney.

On August 30 it was announced that the Burmah Group had agreed to sell a wholly owned subsidiary Burmah Australia Exploration Pty, for $36m to a group of five Australian companies, headed by Bond Corp Holdings. BAE wons 37.5 per cent of Santos, 66.96 per cent of Reef Oil and 30.86 per cent of Basin Oil.

Santos is seeking an injunction on the proposal to enable the matter to be heard in court. The directors of Santos had already stated that there were a number of aspects of the situation which were unclear and the company was continuing its inquiries to ensure that the interests of all shareholders were protected.

A hearing has been set down for September 28 in the New South Wales equity court.

An agreement was signed in 1965 which entitled Burmah to acquire up to 37.5 per cent of Santos. Under the agreement the approval of the Santos Board was required if ownership was to be transferred to any party other than a Burmah related corporation, and that this approval was not obtained in the Bond deal.

If the present situation escalates the attitude of the South Australian Government, which recently took a direct interest in the Cooper Basin partnership, could become important.

B & C makes offer for rest of NY & Gartmore

British and Commonwealth Shipping, through its wholly-owned subsidiary Bricomin, is to make an offer for the share capital of New York and Gartmore Trust which it does not already own.

British and Commonwealth, which already owns 65 per cent of New York and Gartmore, describes this as a tidying up operation. The price to be offered per share has ben set at 47p, subject to a formula designed to ensure that if the trust's asset value rises sharply during the currency of the bid, shareholders will get the benefit. In fact, New York and Gartmore's asset value now is estimated at 41.6p, and Britcomin is paying over the odds for the investment trust's tax losses (put at £4.2m in the 1977 balance-sheet).

A director of British and Commonwealth, Mr. P. N. Buckley, said last night that the decision to buy the outstanding shares of New York and Gartmore did not mean anything for the company's other portfolio investments, which include a 75 per cent stake in Meldrum Investment Trust.

REDLAND

Redland has issued 251,149 ordinary shares as a fourth instalment of the consideration for the acquisition of H. Lavender and Son which took place in 1976.

McKEE/DAVY

The board of McKee Corporation has ratified the agreement between McKee and Davy International under which Davy will acquire all outstanding McKee shares for $33 per share in cash.

As previously announced the agreement contemplates that Davy will make a cash tender offer for any and all shares of McKee stock at $33 per share promptly after expiration of the 20 day waiting period required under Delaware law.

After the tender offer is completed McKee would be merged with a wholly owned subsidiary of Davy converting any remaining McKee shares into cash at $33 per share.

DAWNAY DAY SELLS MATHEWS & SKAILES

Dawnay Day reports that one of its subsidiaries has sold to Adams Foods the total share capital of Mathews and Skailes, the Bristol based cheese trading company, for a total cash consideration of £935,000.

Mathews had net tangible assets of some £772,000 at June 24, 1977 and pre-tax profits for year ended on that date were £250,000.

SOUTH CROFTY/TEHIDY

Acceptances for the offer by South Crofty for Tehidy Minerals have been received in respect of 2,611,789 (90.53 per cent) ordinary shares.

The offer is therefore declared unconditional and will remain open until further notice.

SALE TILNEY

Sale Tilney and Co. has been informed that on September 18 Charterhouse Group sold 190,000 ordinary shares of the company (8.318 per cent).

LOCAL AUTHORITY BONDS

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Barnsley Metro. (0226 203232)	11½	½-year	250	5-7
Knowsley (051 548 6555)	11¾	½-year	1,000	6-10
Manchester (061 236 3377)	10	½-year	500	2
Redbridge (01-478 3020)	11½	½-year	200	5-7
Thurrock (0375 5122)	11	½-year	300	4
Thurrock (0375 5122)	10¾	½-year	300	3
Wrekin (0952 505051)	11½	yearly	1,000	5-6

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£25,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 13.10.78.

Terms (years)	3	4	5	6	7	8	9	10
Interest %	10¾	11	11¼	11½	11¾	12	12	12¼

Rates for larger amounts on request. Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE1 8XP (01-928 7822, Ext. 177). Cheques payable to "Bank of England, a/c FFI." FFI is the holding company for ICFC and FCI.

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Pending dividends timetable

The dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. Dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or per cent shown in the column headed "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

	Date	Announcement last year
	Sept. 25	Int. 4.0023
Irish Banks	Oct. 27	Int. 2.5125
Am. Corpn. SA	Oct. 19	Final due
rons quipment	Oct. 3	Final 1.302
Biscuit	Oct. 11	Int. 1.476
s	Oct. 3	Int. 1.9274
Industries	Oct. 26	Int. 5.6
Intnl.	Oct. 24	Int. 0.7
f Ireland	Nov. 7	Int. 5
Dev.	Sept. 26	Final 4.925
	Oct. 9	Final 1.634
	Oct. 21	Int. 1.0751
Wiggins	Oct. 6	Final nil
(G.T.)	Sept. 29	Int. 0.9075
	Oct. 11	Int. 0.75
Home Stores	Oct. 15	Int. 2.9
Bond Liebig	Oct. 15	Final 2.006
Bros.	Sept. 28	Int. 0.5
Pulp	Oct. 7	Int. 2.551
Inds.	Oct. 5	Int. 2.994
Discount	Oct. 6	Int. 2
Bros.	Oct. 21	Int. 0.77496
ned Eng. Stores	Sept. 28	Int. 1.5552
Leisure	Oct. 13	Int. 3.3
hams	Oct. 13	Int. 1.3995
Steels	Oct. 19	Final 3.298
	Sept. 29	Int. 2.65
	Oct. 10	Int. 1.533
	Oct. 18	Int. 3
	Oct. 5	Final 5.53
roduce	Sept. 29	Int. 1.32
nd Goldstein	Oct. 11	Int. 0.88
r Stores	Oct. 12	Int. 2.22
n Property	Oct. 27	Int. 1.25
	Sept. 25	Int. 5.413

	Date	Announcement last year
*Foseco Minsep	Sept. 27	Int. 1.80
Freemans (London)	Oct. 5	Int. 2.42
Furness Withy	Oct. 16	Int. 3.5
Gerrard and National	Oct. 13	Int. 4
Gill & Duffus	Oct. 26	Int. 3.90
Grattan Ware.	Oct. 4	Int. 1.76
*Hambro Life Assce.	Sept. 29	Int. 5.4
Hawker Siddeley	Oct. 20	Int. 1.8848
Hepworth (J.)	Oct. 28	Final 1.65
*Highland Dist.	Oct. 23	Final 2.087
Hoveringham	Oct. 24	Int. 0.35
*Howden (Alex)	Sept. 28	Int. 1.5
*Legal and Genl. Assce.	Sept. 27	Int. 2.957
London Brick	Oct. 27	Int. 1.3672
Marks and Spencer	Oct. 13	Int. 1.7
Mothercare	Oct. 27	Int.
Mowlem (J.)	Oct. 6	Int. 1.5
Pearson (S.)	Oct. 7	Int. 2
*RMC	Sept. 28	Int. 2.5
*Royco	Sept. 29	Int. 0.5
Rugby Port. Cement	Oct. 20	Int. 1.060
*Scottish Met. Prop.	Oct. 10	Final 1.0434
*Senior Engng.	Oct. 16	Int. 0.2535
Spillers	Oct. 26	Int. 0.825
Spirax-Sarco	Oct. 12	Int. 3.6957
Swan Hunter	Oct. 31	Final 3.689
*Tarmac	Sept. 25	Int. 2.57
Utd. Real Prop.	Oct. 10	Final 8.9
*Vickers	Sept. 26	Int. 2.35
*Wilmot Breeden	Oct. 15	Int. 1.2
Youghal Carpets	Sept. 9	Int. 2.045

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	Low	Stock	Closing Price p	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
	F.P.	41/8	67	71	Carriers Superfoods	84		[illegible]	[illegible]	4.3	7.5
	F.P.	8/9	160	156	Jones (E.) Jewllrs 20p	[illegible]		[illegible]	[illegible]	6.0	14.1
	F.P.	—	36½	34	Manor Nat. Grp. Motrs 5p	34		[illegible]	[illegible]	9.4	11.8

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1978 High	Low	Stock	Closing Price £	+ or −
		15/10	15p	15p	Audiotronic 12% Conv. Pf.	14p	−½
	F.P.	—	101	99¼	Camden Var. Rate Red. 1983	99¼	.....
	£50	15/12	51⅛	50¼	Do. 12¼% Red. 1985	51¼	−¼
	—	—	107p	104½p	Cowan De Groot 10½% Pref.	107p	+1
	Nil	29/9	3½pm	2pm	Hill & Smith 14% 1st Deb. 2000-03	2½pm	−¼
	F.P.	8/12	101¾	101	Howard & Wyndham 15% Uns. Ln. 86-91	101¾	.....
	F.P.	—	249	250	Intl. Thomson Conv. Red. Pref. 25p	249	+5
	F.P.	—	99⅛	99⅛	Kensington and Chelsea Var. Rate 1983	99	.....
		3/11	81	78	Latham James 8% Cum. Pref.	81	.....
	F.P.	—	99⅛	98⅞	Northampton Var. Rate Red. 1983	99	+⅛
	F.P.	—	99½	98½	Strathclyde Var. Rate 1983	98¼	.....
	F.P.	—	99⅞	99½	Wandsworth Variable 1983	99½	.....

"RIGHTS" OFFERS

Amount Paid up	Latest Renunc. Date		1978 High	Low	Stock	Closing Price p	+ or −
F.P.	19/9	27/10	73	70	Aaronson Bros.	73	−1
F.P.	22/9	27/10	350	327	B.T.R.	334	−1
Nil	—	—	40	32	Bank of Montreal	35	−1
Nil	22/9	13/10	27pm	20pm	Barlow Rand	20pm	−5
F.P.	30/8	24/11	74	67	Blackwood Hodge	67	−2
Nil	29/9	10/11	11½pm	7½pm	British Printing	11pm	.....
F.P.	21/9	3/11	145	133	Chubb	142	−1
Nil	—	—	20pm	20pm	Cie. Fr. Petroles	20pm	.....
Nil	—	—	41pm	35pm	Dalgety	40pm	−1
F.P.	22/9	13/10	80	74	Dorada	76	−1
Nil	—	—	10pm	6pm	Dolay Bit'mastic 10½% Cnv. Ln. '95-05	6	−1½
Nil	—	—	¼pm	Nilpm	Globe and Phoenix	¼pm	.....
Nil	29/9	13/10	10pm	5pm	Hill & Smith	6pm	.....
Nil	—	—	24pm	19pm	Howden Group	22½pm	−1½
Nil	25/9	27/10	92	84	Initial Services	92	.....
F.P.	—	—	12½	10½	††Kunick Holdings	12½	+1
F.P.	11/9	27/10	90pm	82½pm	Lex Service	88½	−1½
Nil	—	—	21pm	17pm	Lon. & Midland Ind.	18pm	.....
F.P.	21/8	4/10	111	104	Property Partnerships	110	.....
Nil	29/9	27/10	40pm	35pm	Ratners (Jewellers)	38pm	−2
Nil	—	—	2pm	3pm	Reliance Knitwear	4pm	+1
Nil	25/9	8/11	114pm	85pm	Ricardo Eng.	114pm	.....
Nil	9/10	6/11	14	10½	Wearwell	10½	−1½

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. †† Minimum tender price. ‡‡ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. |||| Introduction. □ Issued to former preference holders. ■ Allotment letters (for fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

BASE LENDING RATES

A.B.N. Bank	10 %	■ Hambros Bank	10 %
Allied Irish Banks Ltd.	10 %	■ Hill Samuel	§10 %
American Express Bk.	10 %	C. Hoare & Co.	†10 %
Amro Bank	10 %	Julian S. Hodge	11 %
A P Bank Ltd.	10 %	Hongkong & Shanghai	10 %
Henry Ansbacher	10 %	Industrial Bk. of Scot.	10 %
Banco de Bilbao	10 %	Keyser Ullmann	10 %
Bank of Credit & Cmce.	10 %	Knowsley & Co. Ltd.	12 %
Bank of Cyprus	10 %	Lloyds Bank	10 %
Bank of N.S.W.	10 %	London Mercantile	10 %
Banque Belge Ltd.	10 %	Edward Manson & Co.	11½ %
Banque du Rhone	10½ %	Midland Bank	10 %
Barclays Bank	10 %	■ Samuel Montagu	10 %
Barnett Christie Ltd.	11 %	■ Morgan Grenfell	10 %
Bremar Holdings Ltd.	11 %	National Westminster	10 %
Brit. Bank of Mid. East	10 %	Norwich General Trust	10 %
Brown Shipley	10 %	P. S. Refson & Co.	10 %
Canada Perm't Trust	10 %	Rossminster	10 %
Capitol C & C Fin. Ltd.	10 %	Royal Bk. Canada Trust	10 %
Cayzer Ltd.	10 %	Schlesinger Limited	10 %
Cedar Holdings	10½ %	E. S. Schwab	11½ %
Charterhouse Japhet	10 %	Security Trust Co. Ltd.	11 %
Choulartons	10 %	Shenley Trust	11 %
C. E. Coates	10 %	Standard Chartered	10 %
Consolidated Credits	10 %	Trade Dev. Bank	10 %
Co-operative Bank	*10 %	Trustee Savings Bank	10 %
Corinthian Securities	10 %	Twentieth Century Bk.	11 %
Credit Lyonnais	10 %	United Bank of Kuwait	10 %
The Cyprus Popular Bk.	10 %	Whiteaway Laidlaw	10½ %
Duncan Lawrie	10 %	Williams & Glyn's	10 %
Eagil Trust	10 %	Yorkshire Bank	10 %
English Transcont.	11 %		
First Nat. Fin. Corp.	11½ %		
First Nat. Secs. Ltd.	11 %		
Antony Gibbs	10 %		
Greyhound Guaranty	10 %		
Grindlays Bank	10 %		
Guinness Mahon	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼%, and over £25,000 7½%.
‡ Call deposits over £1,000 7%.
§ Demand and deposits 7½%.

INTERNATIONAL COMPANY NEWS

Gamblers singe their fingers

By Stewart Fleming

NEW YORK, Sept. 24.

THE FRENETIC speculation in U.S. gambling shares took a different tack last week as the shares of the main companies in the sector fell dramatically in heavy trading. Price falls extended by up to a quarter.

By the end of the week Resorts International, in recent weeks the glamour stock of the sector, had seen its "A" share tumble from $180 to $138¼. Another heavy loser was Caesar's World which began the week at $63¾ and ended at only $46¼. Bally Manufacturing closed the week at $50⅞ down from $62⅞, and there were losses, although not generally as heavy, in most of the other issues.

Part of the trouble was the New York and the American Stock Exchange decisions at the beginning of the week to continue with heavy margin requirements for the stocks which, in effect, limit investors' ability to borrow to the issues.

The heaviest losses came at the beginning of the week, however, and by Friday some of the selling appeared to have petered out.

In addition the falls appeared to reflect a reaction to the speculative buying in the previous few weeks. Whether the bubble has burst, it is too early to say. But investors who have been borrowing on margin and are now facing calls for cash in the face of share price declines may well be joining in the selling.

Navy contract for Litton

WASHINGTON, Sept. 24.

THE U.S. Navy has awarded Litton Industries a $287.8m contract to design and build the first of a new class of guided missile destroyer. The navy plans to build 16 of the ships over the next 10 years, and construction will begin in about 18 months.

Last year Litton reported an after tax loss of $90.8m, compared with a previous profit of $56m, following the settlement of claims for "additional payments" on contracts for naval warships. The company's dispute with the U.S. naval authorities had lasted some nine years.

Reuter

State shipping aid call by commission

BY OUR FINANCIAL STAFF

SWEDEN'S special shipping commission has put forward a number of recommendations aimed at resolving the crisis in the Swedish maritime industry.

According to Brostroem, a major shipping group, the proposals would include state loans to the industry, and would start to come into effect next year. They would be fully implemented by 1983.

Following talks with Brostroem and Saleninvest, Sweden's two largest shipping companies, the commission will recommend that the state take over, through a conditional loan to Brostroem, a total of SKr 250m ($29m) of Bostroem's liabilities relating to state guaranteed shipbuilding credits for bulk carriers and tankers built in Sweden.

From 1979 to 1983, Brostroem and Salen would be obliged to retain those of their Swedish-based shipping activities considered central to the industry. They would each keep at least 20 vessels, ensuring employment for more than 2,500 sea and shore personnel.

The commission is further expected to ask the government to approve freedom of redemption on Salen's state-guaranteed shipbuilding credits up to 1981 and also to grant Salen a SKr 200m ($23m) conditional loan.

The commission made it clear that it is "in Sweden's interest" to protect the two companies' profitable activities such as Brostroem's liner operations and Salen's refrigerated cargo services as well as to keep the most modern parts of their tanker and bulk fleets.

Last year Brostroem incurred a loss of SKr 100m before tax but after currency losses and asset sales, compared to Kr 109m in 1976. The company passed its dividend for the fourth successive year.

At Salen pre-tax losses in 1977 emerged at SKr 210m, against SKr 48m a year earlier.

Van Ommeren in the red

BY MICHAEL VAN OS

AMSTERDAM, Sept. 24.

DUTCH SHIPPING and storage company Van Ommeren, has suffered a first half net loss of Fl 8.9m ($2.1m), compared with a net profit of Fl 2.4m in the same period of 1978.

Chairman Mr. W. H. Brouwer told a press briefing that his company expected results to improve in the second half of this year (total 1977 profits were Fl 2.2m) and that there were indications that a recovery might have set in in the third quarter.

The Rotterdam based company blames its bad first half performance primarily on the tank storage activities and to the depression in the mineral oil market especially. Inland shipping is still suffering from overcapacity while seagoing shipping showed a slight improvement in the first six months.

Meantime, Nijverdal-ten Cate, Holland's largest textiles group has managed to cut its first half net loss to Fl 2.2m from Fl 9.8m in the same period of last year. Sales dropped slightly in the period by 3 per cent to Fl 222m.

The Board of the Almelo based company said that the divestment of certain lossmaking activities had depressed sales but improved profitability. Rationalisation costs have been deducted from the results. Nijverdal expects a further improvement in results in the second half of this year, although the outlook for sales and prices was still far from right.

Finally the Dutch construction group NBM expects this year's net profits to be about equal the 1977 figure (Fl 3.7m), the board said in its half year statement. In the first 32 weeks of this year, turnover has risen to Fl 444m from Fl 407m in the same period last year.

Svenska Cellulosa

SVENSKA CVellulosa is to co-operate in the marketing of chemical products with Hercules Inc. of Delaware and its Swedish subsidiary Hercules Kemiska, reports Reuter from Sundesvall. Under an initial three-year deal, Svenska's loss-making Nyhman chemical plant will market together with Swedish Hercules, a new highly absorptive hygiene article. Hercules will invest over Kr2m in Nyhman.

Sharp lift in Genting profits

By Wong Sulong

KUALA LUMPUR, Sept. 24.

MALAYSIAN CASINO and hotel operator, Genting Berhad, reports another impressive half year of growth, with pre tax profits rising by 47 per cent to 21m ringgits ($9.1m).

But because the group's "pioneer status" has expired, it had to make provision for a substantial increase in tax — from 2m ringgits to nearly 10m ringgits — bringing net profits down to 11.2m ringgits.

The 5 per cent interim dividend declared is the same as last year's, but shareholders will effectively receive less since they now have to pay 40 per cent income-tax, whereas previous dividends were tax-free.

Genting, which is one of the biggest and most active counters on the Kuala Lumpur and Singapore Stock Exchanges, is negotiating with the Malaysian authorities for approval to be listed in Hong Kong. Recently its name was linked with that of Faber Merlin, but this had been denied by the boards of the two groups.

● After tax profits for the year ending June 1978 of Singapura Building Society, rose to S$3.2m ($1.5m) from S$3.1m a year earlier. The company has declared a first and final dividend of 12 per cent less tax.

Tasman plans $21m funding

By Dai Hayward

WELLINGTON, Sept. 24.

NEW ZEALAND'S major pulp and paper company Tasman, which is the country's largest single exporter, plans to initiate what is probably the biggest money-raising effort ever mounted within New Zealand.

The company, which has suffered from financial problems partly caused by industrial unrest, wants to raise NZ$20m ($21m). Tasman is anxious to raise capital within New Zealand to help refinance part of its massive overseas debt which stands at about NZ$100m.

Prospectuses for the loan are likely to be issued within the next two weeks. Tasman has during the past few years required Government support to overcome its problems.

Currency, Money and Gold Markets

Movements of the pound

BY COLIN MILLHAM

THE CONTINUED weakness of the U.S. dollar pushed sterling fairly close to the $2 level last week, although disruption at Ford after the 5 per cent pay offer tended to reverse this trend on Friday.

On August 15 this year the pound rose above $2 very briefly, and may do so again in the near future, but the rate against other major currencies is quite another matter.

Keeping sterling up around the $2 level probably helps to maintain confidence as far as the City is concerned, but there are very few other European currencies that have faired as badly as the pound over the past few years however.

In the first week of March 1976 sterling fell to $1.9820, and its trade-weighted depreciation, on Morgan Guaranty figures, was slightly under 39 per cent, since December 1971. Last week the pound was at a similar level against the dollar, and its depreciation was only slightly worse at around 40 per cent, but in terms of our Common Market partners and Switzerland and Japan the picture is rather different. Not surprisingly, over the past 2½ years the lira has fallen against the pound, and amongst other European currencies, the Spanish peseta and Portuguese escudo have lost ground. Over the same period sterling has fallen to DM 3.84 from DM 5.10 against the Deutsche Mark, SwFr 2.99 from SwFr 5.13 in terms of the Swiss franc, and Y371 from Y598 against the yen.

Currencies tied to the Deutsche Mark within the European "snake" have naturally shown similar rises against the pound, while the French franc and other Scandinavian units have recorded much smaller gains.

The U.S. dollar fell to a record low against the Swiss franc last week, but the Canadian dollar was even weaker, falling to 85.27½ U.S. cents on Friday. This all-time low for the Canadian dollar followed further moves to bolster the currency, with the announcement during the week that Canada is to float a $750m bond issue in New York, the second such issue this year.

CURRENCY RATES

September 22	Special Drawing Rights	European Unit of Account
Sterling	0.650374	0.663774
U.S. dollar	1.27714	1.30499
Canadian dollar	1.49899	1.52618
Austrian schilling	18.1083	18.4821
Belgian franc	39.3950	40.2262
Danish krone	6.88839	7.03861
Deutsche Mark	2.49975	2.55048
Guilder	2.71648	2.77425
French franc	5.60409	5.72108
Lira	1056.51	1078.39
Yen	239.464	246.152
Norwegian krone	6.62133	6.76754
Peseta	93.2399	95.2213
Swedish krona	5.63793	5.75845
Swiss franc	1.95800	1.99735

GOLD

	Sept 22	Sept. 21
Gold Bullion (a fine ounce)		
Close	$214¼-215¼	$215½-216¼
Opening	$214¼-215	$216½-217
Morning fixing	$214.30	$215.40
	(£108.867)	(£108.666)
Afternoon fixing	$214.35	$215.65
	(£108.869)	(£108.749)
Gold Coins domestically		
Krugerrand	$222¼-224¼	$223¼-225¼
	(£112¼-113¼)	(£112¼-113¼)
New Sovereigns	$61¼-63¼	$61½-63½
	(£31-32)	(£31-32¼)
Old Sovereigns	$61¼-63¼	$61¼-63¼
	(£31-32)	(£31-32)
Gold Coins internationally		
Krugerrand	$221¼-225¼	$221¼-225¼
	(£112¼-113¼)	(£111¼-113¼)
New Sovereigns	$57¼-59¼	$57¼-59¼
	(£29¼-30¼)	(£29-30)
Old Sovereigns	$61¼-63¼	$61¼-63¼
	(£31-32)	(£31-32)
$20 Eagles	$310¼-313¼	$313-316
$10 Eagles	$166-168	$165-168
$5 Eagles	$116-119	$115-116

Public Works Loan Board rates

Effective from September 2

Years	Quota loans repaid by EIP†	At‡	at maturity§	Non-quota loans A* repaid by EIP†	At‡	at maturity§
Up to 5	11½	11⅝	11⅞	12¼	12⅝	12⅞
Over 5, up to 10	11⅞	12	12¼	12⅞	12¾	13
Over 10, up to 15	12¼	12¼	12⅞	12⅞	13	13¼
Over 15, up to 25	12⅜	12½	12⅝	13⅜	13½	13⅝
Over 25	12⅜	12½	12⅝	13⅜	13⅝	12⅞

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

THE DOLLAR SPOT / FORWARD AGAINST $

September 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canad'n $*	85.26-85.43	85.26-85.29	0.02c dis-par	−0.14	0.03-0.06c dis	−0.09
Guilder	2.1220-2.1272	2.1220-2.1240	0.53-0.43c pm	2.68	1.37-1.32c pm	2.42
Belgian Fr	30.76-30.94	30.78-30.81	2½-1c pm	0.68	7-5c pm	0.64
Danish Kr	5.3900-5.4040	5.3925-5.3940	2.50-3.00ore dis	−6.12	6.50-7.00ore dis	−5.00
D-Mark	1.9525-1.9575	1.9525-1.9540	0.92-0.87pf pm	5.49	2.85-2.80pf pm	5.65
Port. Esc	45.30-45.50	45.30-45.40	25-165c dis	−22.49	90-400c dis	−21.61
Lira	825.70-827.70	827.00-827.50	4.00-4.75lire dis	−4.07	10-11 lire dis	−3.85
Nrwgn. Kr	5.1825-5.2010	5.1830-5.1845	par-0.50ore dis	−0.58	1.40-1.90ore dis	−1.27
French Fr	4.3700-4.3870	4.3750-4.3800	0.45-0.35c pm	1.09	0.52-0.42c pm	0.37
Swedish Kr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

THE POUND SPOT / FORWARD AGAINST £

Sept. 22	Bank rate %	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgian F.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish K.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Port. Esc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Span. Pes.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nrwgn. K.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swedish Kr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria Sch.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible]. Six-month forward dollar [illegible], 12-month [illegible].

OTHER MARKETS

Sept. 22	£	$		Note Rates
Argentina Peso	[illegible]	[illegible]	Austria	27.50-28.50
Australia Dollar	[illegible]	[illegible]	Belgium	[illegible]
Finland Markka	[illegible]	[illegible]	Denmark	10.55-10.70
Brazil Cruzeiro	[illegible]	[illegible]	France	8.60-8.70
Greece Drachma	[illegible]	[illegible]	Germany	3.80-3.90
Hong Kong Dollar	[illegible]	[illegible]	Italy	1600-1650
Iran Rial	[illegible]	[illegible]	Japan	370-380
Kuwait Dinar (KD)	[illegible]	[illegible]	Netherlands	4.15-4.25
Luxembourg Frc.	[illegible]	[illegible]	Norway	10.15-10.25
Malaysia Dollar	[illegible]	[illegible]	Portugal	89-104
New Zealand Dollar	[illegible]	[illegible]	Spain	142-148
Saudi Arab. Riyal	[illegible]	[illegible]	Switzerland	[illegible]
Singapore Dollar	[illegible]	[illegible]	United States	1.97-1.99
Sth. African Rand	[illegible]	[illegible]	Yugoslavia	38.00-41.00

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Sept. 22	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.972	3.853	371.5	8.625	3.003	4.188	1630.	2.312	60.65
U.S. Dollar	0.507	1.	1.954	188.4	4.375	1.523	2.124	826.8	1.172	30.76
Deutsche Mark	0.260	0.512	1.	96.43	2.239	0.779	1.087	423.1	0.600	15.74
Japanese Yen 1,000	2.692	5.307	10.37	1000.	23.22	8.082	11.27	4388.	6.222	163.3
French Franc 10	1.159	2.286	4.467	430.7	10.	3.481	4.855	1890.	2.680	70.32
Swiss Franc	0.333	0.657	1.283	123.7	2.873	1.	1.395	542.9	0.770	20.20
Dutch Guilder	0.239	0.471	0.920	88.72	2.060	0.717	1.	389.3	0.552	14.48
Italian Lira 1,000	0.613	1.210	2.363	227.9	5.291	1.842	2.569	1000.	1.418	37.21
Canadian Dollar	0.433	0.853	1.667	160.7	3.731	1.299	1.812	705.2	1.	26.24
Belgian Franc 100	1.649	3.251	6.352	612.5	14.22	4.951	6.904	2688.	3.811	100.

MONEY RATES

NEW YORK	
Prime Rate	[illegible]
Fed Funds	[illegible]
Treasury Bills (13-week)	[illegible]
Treasury Bills (26-week)	[illegible]
GERMANY	
Discount Rate	3
Overnight Rate	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]
FRANCE	
Discount Rate	9.5
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.125
Bills Discount Rate	4.625

LONDON MONEY RATES

Sept. 22 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days or	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authority and finance houses seven days' notice, others seven days' fixed. [illegible] Finance House Base Rates (published by the Finance Houses Association) [illegible]. Clearing Bank Deposit Rates [illegible]. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount [illegible].

MINING NOTEBOOK

Where they peg the race-track

BY LODESTAR

I REMEMBER visiting Johannesburg several times during the great Australian nickel boom and was surprised at the lack of knowledge thereof in the country's mining capital. It was even difficult to find anyone who had heard of Poseidon.

There is, I gather, a marked difference there now. The possibility of an important new source of diamonds emerging in Western Australia's Kimberley region is attracting a great deal of attention in South Africa.

Indeed, there is a strong urge to get in on the act plus a feeling of amazement that De Beers, which has been prospecting in the Kimberleys for longer than almost anyone else, seems to have missed out.

Unfortunately the same kind of share market wheeling and dealing seems to be emerging down-under that led to so many burnt fingers in the roaring nickel days. So caution must be the watchword when dabbling in the shares of the junior explorers that are involved in the great pegging rush.

In fact, the frenzied airborne search for circular formations that might indicate a possible kimberlite pipe has prompted the story that the Fitzroy Crossing race-course has been marked down for pegging on more than one occasion.

It is also worth noting that a senior Conzinc Riotinto of Australia official is quoted as saying that "there is not a diamond claim in Western Australia that the Ashton consortium does not already hold that we would like to have an interest in."

So much for all the other seekers especially in view of the length of time that the consortium has been looking in the area. Still, many a good mining potential has been walked over unobserved by even the big boys.

If I had to choose among the various junior contenders at this particular juncture I would give the palm for really serious effort to the Magnet Metals-Lennard Oil-Western Queen group of companies although they have so far found only a single diamond (believed to be of gem quality), a chance turn-up from the first sampling of small parcels of ground in a Kimberley area that has at least not been chosen haphazardly.

It is well away from the Ashton finds, is only approachable by helicopter and contains Kimberlitic indicator minerals. The group is, of course, a long way from establishing the presence of pipes bearing dimonds in commercial quantities but is keen enough on its initial discoveries to have tied up all the available choppers in the area so as to keep out competitors.

The group is well endowed with funds. Magnet gets a cash flow from its unusual peat producing operations. When I write about the company in January it was to draw attention to its oil and gas exploration ventures which, I gather, should hot up next March with the sinking of the first wild-cat well. The shares were then 19p. They are now 40p. So a good deal of sparkle from the diamond hopes is already rubbing off on them.

"Whatever happened to" Metramar Minerals I am asked following the collapse of the Blue Spec antimony-gold mining venture. Inevitably the company has joined the diamond exploration rush. To assist this shareholders have approved the borrowing of A$0.25m. Metramar shares stand at 14p in London.

Another concern which had a holding in the ill-fated Blue Spec is Australian Consolidated Minerals once wel-known for its stake in Western Australia's Mt Keith nickel find a low-grade deposit which must still rank as one of the world's biggest unexploited nickel sulphide orebodies.

ACM is now believed to be the company that is in the forefront of the prospecting techniques being developed in Australia by the computerised interpretation of data gathered from satellites about which a good deal more is likely to be heard in due course.

If America's Amex still retains its one-third stake in ACM it could no doubt provide any financial muscle that may be needed. ACM shares are quoted at 10p.

Uranium contender

When I last wrote about the Consolidated Gold Fields group's Gold Fields Property company a year ago the shares were being carried along on a rising tide of enthusiasm generated by hopes that the uranium-bearing ore reserves at the old Luipaards Vlei mine could be exploited.

The advice then given was to "get out before the bubble bursts" which it duly did and the share price came back from 100p to 62p. But Luipaards is still in the running.

In the GFP annual report the chairman Mr. Drew Gnodde says that ways and means of turning its reserves to account are still being examined with discussions being held with outside parties.

Thus the annual meeting on October 12 could once again be a lively one as shareholders press for more information. In Johannesburg guesses are rfie as to the identity of the "outside parties." Top of the list is West Rand Consolidated which draws gold from Luipaards and has a uranium plant.

Other possibles are reckoned to be Randfontein the "old" plant of which is quite nearby and West Driefontein which is a Gold Fields group company. Mr. Gnodde has been distinctly cautious in assessing Luipaards' reserve potential.

A year ago he said that the tonnage was less than 2m taking a uranium price of $30 a pound but subsequently admitted that this figure was for "proven" reserves, namely those actually blocked out for mining.

South African analysts reckon that the total available ore may be nearer 8m tons with an average grade of over a pound of uranium a ton. It is thus concluded that GFP has decided to exploit these resources on the best terms it can get.

The company is paying a modest dividend of 5 cents for the year to last June and "at best" maintenance of this rate is expected for 1978-79. So it will need some positive uranium news if the shares, currently 70p, are to regain any of their former ebullience.

INSURANCE

Profits must soar to combat inflation

BY OUR INSURANCE CORRESPONDENT

EACH YEAR, in the third week of September, the Chartered Insurance Institute holds its annual conference: the occasion may be fixed by the calendar, but its location is variable, and this year's conference took place at Newcastle. Formal business—the election of a new president and officers for the year, the presentation of reports and accounts, and so on—took place as usual on the Friday morning.

Thursday was given over, again as is usual, to the presentation of and discussion on papers especially written for the conference; this year the morning was given over to the salutary topic of profitability—company profitability was considered by Paul Kelly of L. Messel and Co., Lloyd's profitability by Sir Havelock Hudson of Lloyd's.

Mr. Kelly's paper has been widely publicised in the insurance Press, and it is to be hoped that his message has been received and understood in all quarters that are concerned with the well being of the British insurance company market—all quarters, from the supervisory corridors of the Department of Trade, through the offices of the broking community to the underwriting rooms up and down the country.

Solvency target

The message is not new, but clearly needs to be restated frequently in these times when from the underwriting aspect so many categories of insurance businesses either just break even or make positive losses.

It is simply this—that in a period of high inflation levels of underwriting profit, far in excess of those generated in recent years, are required to maintain solvency margins.

Mr. Kelly provided a simple table (below) showing the percentage of underwriting profit required to maintain what he considers to be the "minimum" solvency margin of 40 per cent and the preferred norm of 50 per cent.

As Mr. Kelly said: "To survive high levels of inflation with solvency margins intact requires . . . underwriting returns which the industry has simply failed to produce, and which may, for political reasons, be unattainable."

The Department of Trade is the country's supervising body, concerned with the solvency of British insurance companies and therefore with their margin of profitability.

It is an ironic comment on Mr. Kelly's figures (which are not new but which I have not previously seen in precisely this form) that the profit margin allowed by the Trade Department—British Insurance Association's formula devised to test the validity of motor premium increases was only 2.5 per cent throughout the mid-70s when inflation was in excess of 20 per cent.

It is only recently that this formula has been adjusted to allow a 3 per cent profit margin (which incidentally few companies can hope to attain).

If the Department of Trade is to keep the profit screw tight down on the motor insurance account, which forms such a large proportion of many composites' business, then it follows that the margin of non motor profit that the companies require for the 50 per cent solvency norm must be well in excess of Mr. Kelly's figures so long as inflationary growth runs in double figures.

As the current spate of half-year trading results shows these profits the companies are just not obtaining.

	Premium growth per year					
Solvency	9%	10%	11%	13%	15%	20%
40%	0.3	1.1	1.9	3.5	5.1	9.1
50%	2.2	3.2	4.2	6.2	8.2	13.2
	Percentage profit required					

£14,000 'wall of trees'

PLANTING is to start soon a £14,000 belt of trees at Fobbing Marsh, Corringham, South Essex, aimed at hiding Thameside oil installations from northern residential areas.

More than 10,000 trees and shrubs will be planted before the end of December on 13 sites along a 2½ mile stretch of Manor Way, the A1014, at Corringham.

OVERSEAS MARKETS

INTERNATIONAL BONDS

Gravity gains the upper hand

BY NICHOLAS COLCHESTER AND FRANCIS GHILES

AFTER DEFYING the force of gravity for some time the dollar bond market dipped noticeably last week with an increased volume of activity. Yet despite an unhealthy monetary climate, with the dollar falling and U.S. interest rates rising sharply, the market remained more remarkable for its calm than for its movement. Prices dropped by between ½ and ¾ over the five days and it was dealers rather than investors who engineered this fall.

Although the dollar suffered in the uncertainty after Camp David, it was developments in the U.S. credit markets which appeared to trigger the dollar secondary market's decline. On Tuesday the Fed signalled a rise in the Federal Funds rate to 8.5 per cent in a manner which U.S. observers found peculiarly emphatic. On Wednesday the Treasury note auction produced a two year yield of 8.65 per cent —up from 8.38 per cent a month earlier. Then a new batch of expansive money supply figures, followed by a ½ per cent rise in the discount rate, completed the picture.

These developments had quite an impact on the U.S. bond market. Since July this market had performed in a manner even more remarkable than that of its international counterpart, with yields falling 50 basis points while short term rates were rising by a similar amount. One reason was the widespread illusion that short rates were close to their peaks, and it was this illusion that got hammered last week. Yields on U.S. domestic bonds rose by up to 0.15 per cent over five days and international bond prices fell in sympathy.

Both markets have been helped greatly by the imbalance between repayments and new borrowing. There is also a suspicion among traders that holders of dollar bonds are now hanging on to them rather than face up to their currency losses. The straight issue from Itel, a fast growing U.S. leasing company, showed up liquidity in search of an investment. The issue was priced at par with a yield of 9.75 per cent for 12 years. It was heavily over-subscribed and the managers increased the amount by $5m to $30m. They eschewed a larger increase because of the poor state of the market.

The Floating rate note market behaved predictably under the prevailing circumstances. There was softness in the prices of notes whose coupons had been recently fixed while the prices of those approaching the fixing date rose by up to ½.

The Eurosterling sector benefited from the dollar's problems. Prices here have put on between one and two points over the past fortnight, though a number of issues are still languishing in the low 90s. It appears premature to expect any revival in the primary market. A new Eurosterling issue would need a yield of over 11 per cent to stand a chance and finance directors remain unwilling to commit themselves to double-digit rates for long term borrowing.

The timing of the reopening of the French Franc market, which had been closed for two and a half years, was not very happy. Credit Commercial de France finally got permission from the French Treasury to go ahead on September 13 and announced two days later that it was arranging a FFr 200m 10-year bond for EIB with an indicated coupon of 9¾ per cent. Initially CCF had argued in favour of a 12 year maturity but the Treasury insisted it be brought down to 10 and many Paris banks still feel that an eight year maturity is the safe maximum for such bonds.

Last week, as bad luck would have it, the French franc weakened and interest rates on six-month franc deposits rose from 9-9¼ per cent to 9¾-9¾ per cent, thus weakening the attraction of the bond for foreign investors. So while the Treasury wanted only 20-25 per cent of the issue placed with French residents it seems that far more has ended up in France.

The Deutschemark sector had a quiet week with prices very little changed over the five days. The domestic bond market was friendly but traders were not surprised to see a pause in the international market after the very strong performance of this market earlier this month. Underpinned by the strength of the dollar and by steady short-term rates, the underlying tone is firm.

The week saw two interesting convertibles. A $34m issue by the Swiss property group, Intershop, was convertible into Swiss franc shares in Intershop at the rate of five shares for each dollars 1,200 par value bond. The bond was popular as a result and was handsomely over-subscribed. The managers UBS (securities) could not raise the conversion premium above a promised 10 per cent, so they fixed the exchange rate for conversion at a stiff level and lowered the coupon by half a point to 5¼ per cent. Even so, the security went to a substantial premium in the aftermarket. This offering followed the announcement by Morgan Grenfell of the first Danish convertible. Novo Industri, a pharmaceutical group, is to raise $20m on terms to be announced on October 2.

Two Japanese convertibles were announced last week both for amounts of DM 80m; one was for Jusco, the store chain, managed by Westdeutsche LB, and the other was for Nissan Diesel Motor managed by Deutsche Bank. West LB will shortly announce a $30m convertible for Kayaba, a Japanese hydraulic engineering company.

Invitations were sent out over the weekend for a 15-year floating rate note to raise $30m for the Bank of Tokyo. The margin will be ½ per cent and the minimum interest rate an academic 5½ per cent. It will be signed on October 3. Unusually, the securities will be listed on both the Luxembourg and Singapore stock exchanges. The lead manager of the issue is S. G. Warburg and Co.

BONDTRADE INDEX AND YIELD

	September 22		September 15		1978 High	1978 Low
Medium term	98.62	8.16	96.91	8.11	99.84 (19/4)	98.57 (22/9)
Long term	92.73	8.78	93.01	8.74	94.87 (19/4)	92.50 (29/6)

EUROBOND TURNOVER
(nominal value in $m)

	U.S. dollar bonds last week	U.S. dollar bonds previous week	Other bonds last week	Other bonds previous week
Euroclear	990.5	1,029.8	260.0	420.7
Cedel	377.1	283.4	168.7	241.0

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life Years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
‡††Finland	100	1988	10	9	99.65	Goldman Sachs	9.26
‡†Sundsvallsbanken	20	1985	7	6¼	100	CSFB	6.09
‡†El Salvador	25	1983	5	8¼	100	BNP	8.16
‡§Intershop	24	1990	¶	5¼	100	UBS (Securities)	5.25
††EIB	75	1986	8		*	Kuhn, Loeb, Lehman Bros.	*
††EIB	125	1998	15.05		*	Kuhn, Loeb, Lehman Bros.	*
‡Itel	30	1990	9	9¾	100	Kidder, Peabody Int.	9.75
†Arab Malaysian Dev. Bk.	20	1983	5	7½	100	ADIC	7.64
‡†Oesterreichische Kontr.bk (g'teed Austria)	50	1988/93	—	5¾	100	European Banking, Orion	5.83
§Novo Industri	20	1989	—	7	100	Morgan Grenfell	*
D-MARKS							
‡§Konishiroku Photo Ind.	60	1985	—	3½	100	WestLB	3.54
**Toyo Rubber (g'teed Long Term Cr. Bk.)	30	1983	5	5½	*	Commerzbank	*
Indonesia	100	1984	6	7	*	Dresdner Bank	*
§Jusco	80	1986	—	3½	100	WestLB	3.5
§Nissan Diesel Motor	80	1986	—	3½	100	Deutsche Bank	3.54
‡**Girozentrale of Vienna	25	1986	8	5¾	100	WestLB	5.75
**ISCOR (g'teed S. Africa)	40	1984	6	8¼	*	Bay. Vereinsbank	*
§Kayaba	30	1985	—	3½	*	WestLB	*
SWISS FRANCS							
‡BankAmerica Corp.	80	1993	n.a.	3¾	100	UBS	3.75
Oberoesterreichische Kraft.	50	1993	n.a.	4	*	Crédit Suisse	*
Norges Kommunalbank (g'teed Norway)	100	1988	n.a.	4	100	Banque Gutzwiller, Kurz, Bungener	4.0
FRENCH FRANCS							
EIB	200	1988	¶	9¾	*	CCF	*
KUWAITI DINARS							
Dev. Bk. of Philippines (g'teed Philippines)	7	1985/90	—	8½	*	KIIC, ADIC, Merrill Lynch Int.	*
UNITS OF ACCOUNT							
‡Panama	20	1993	12	8½	99½	Kredietbank Lux., First Chicago	8.31
Swedish Mun. Financ. Co.	15	1993	15	7½	*	Kredietbank Lux.	*

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ‖ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ Purchase fund.
Note: Yields are calculated on AIBD basis.

Indices

NEW YORK—DOW JONES

	Sept. 22	Sept. 21	Sept. 20	Sept. 19	Sept. 18	Sept. 15	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	862.44	861.14	857.16	861.57	870.15	878.55	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.06	89.13	89.35	89.56	89.60	89.54	90.86 (4/1)	86.78 (11/7)	—	—
Transport	241.58	242.01	245.13	245.95	247.85	250.73	261.49 (8/9)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	105.72	105.99	106.85	105.92	106.59	106.45	110.98 (5/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	27,960	35,640	35,220	31,660	35,860	37,250	—	—	—	—

* Basis of index changed from August 24

Ind. div. yield %	Sept. 15	Sept. 8	Sept. 1	(Year ago approx)
	5.39	5.21	5.38	5.25

STANDARD AND POORS

	Sept. 22	Sept. 21	Sept. 20	Sept. 19	Sept. 18	Sept. 15	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	112.81	112.86	112.65	115.56	114.86	115.59	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	101.64	101.90	101.78	102.58	103.21	104.12	106.99 (12/9)	88.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Sept. 20	Sept. 13	Sept. 6	Year ago (approx.)
Ind div. yield %	4.85	4.63	4.67	4.67
Ind. P/E Ratio	9.43	9.88	10.08	9.40
Long Gov. Bond yield	8.47	8.33	8.37	7.62

N.Y.S.E. ALL COMMON

Sept. 22	Sept. 21	Sept. 20	Sept. 19	1978 High	1978 Low
57.57	57.58	57.62	57.84	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Sept. 22	Sept. 21	Sept. 20
Issues traded	1,872	1,874	1,888
Rises	789	610	352
Falls	649	890	1,158
Unchanged	434	374	378
New Highs	—	—	11
New Lows	—	—	14

MONTREAL

		Sept. 22	Sept. 21	Sept. 20	Sept. 19	1978 High	1978 Low
MONTREAL	Industrial	206.24	204.75	205.95	208.66	211.56 (11/9)	162.90 (16/2)
	Combined	213.08	211.66	211.54	211.95	217.71 (11/9)	170.62 (30/1)
TORONTO	Composite	1259.5	1255.6	1258.7	1260.9	1288.9 (13/9)	998.2 (30/1)
JOHANNESBURG	Gold	288.1	261.5	266.8	256.8	272.0 (14/9)	186.0 (20/4)
	Industrial	268.5	269.2	270.2	271.8	271.1 (15/9)	194.9 (13/3)

	Sept. 22	Pre-vious	1978 High	1978 Low
Australia (¶)	566.79	564.71	666.79 (22/9)	441.19 (1/3)
Belgium (‖)	99.86	99.88	101.16 (6/9)	90.46 (25/3)
Denmark (**)	96.37	96.34	98.30 (14/2)	94.00 (6/2)
France (††)	77.1	76.8	77.1 (22/9)	47.6 (6/2)
Germany (‡‡)	828.0	829.8	853.5 (11/9)	769.4 (17/0)
Holland (§§)	90.1	89.1	95.1 (11/9)	76.0 (4/4)
Hong Kong (¶¶)	610.17	622.21	707.70 (4/8)	383.44 (13/1)
Italy (‖‖)	82.08	81.03	82.27 (20/9)	66.45 (10/1)
Japan (a)	426.30	424.98	426.51 (18/9)	364.04 (4/10)
Singapore (b)	389.40	382.74	414.50 (8/8)	262.0 (9/1)

	Sept. 22	Pre-vious	1978 High	1978 Low
Spain (d)	99.68	99.62	[illegible] (9/5)	[illegible] (17/3)
Sweden (e)	389.71	389.01	[illegible] (4/9)	325.74 (3/1)
Switzerl'd (f)	276.4	276.3	[illegible] (14/2)	275.3 (21/9)

Indices and base dates (all base values 100 except NYSE All Common — 50, Standards and Poors — 10 and Toronto 300—1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec., 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

صورة عن الأصل

Roland Smith to head Silentnight Holdings

ofessor Roland Smith, deputy man of SILENTNIGHT DINGS, is to become chair- on October 9. He will succeed T. Clarke, who is relinquish- that position but will remain n-executive director.

e company states that the ge is part of the planned lopment of the group. Mr. te and his family do not d to make any significant sation of their shareholdings e company in the foreseeable re.

★

. J. E. Beer is to join the d of SHORT LOAN AND TGAGE COMPANY.

★

IERICAN EXPRESS COM- Y has made the following ges in its Travel Related ices Group: Mr. Louis V. ner Jr, president of the card on and executive vice- dent of the parent company, nes president-travel related ces. He succeeds Mr. George aters, who, as executive vice- dent of American Express, become the senior executive nsible for the office of gic development. In addi- Mr. Waters will be vice- man of the board of each of the TRS divisions and chairman of the executive committee of Payment Systems Inc. and American Express Publishing Corporation. Mr. Aldo Papone has been appointed president of the card division and Mr. Fred B. Petera will take over the presidency of the travel division and will be elected a senior vice-president of the parent organisation. Mr. Tomasso Zanzotto has been made vice-president, Europe, Middle East, and Africa, travel division, and Mr. R. A. Linke will be vice-president, retail travel, UK, Ireland, Denmark and South Africa.

The appointments of Mr. Zanzotto and Mr. Linke take effect immediately. All others are from January 1, 1979.

★

The Home Secretary has appointed Miss Beryl P. Cooper, QC, as an additional member of CRIMINAL INJURIES COMPENSATION BOARD.

★

Mr. David Spearing, director of highways planning and management, Department of Transport, is to be regional director, eastern region of the DEPARTMENTS OF THE ENVIRONMENT AND TRANSPORT, and chairman of the EAST ANGLIA ECONOMIC PLANNING BOARD from October 16. He will succeed Mr. Howard Marshall who is to become head of the driver and vehicle licensing directorate.

★

Mr. William Havers has been appointed refinery director at the AMOCO (UK) Milford Haven refinery, Wales. He joins the Board of that company succeeding Dr. Malcolm Nickson, who has become chief executive of the International Synthetic Rubber Company.

★

European Asian Bank has appointed Mr. Rohan Courtney as managing director of EUROPEAN ASIAN FINANCE (HONGKONG). He was formerly with Amex Bank.

★

The following members of Cement-Roadstone Holdings group have joined the J. and W. HENDERSON (HOLDINGS) Board: Mr. Andrew Teare, Mr. Frank Van Neerbos and Mr. Bryan Hill. Lord Milne has resigned from the Board.

★

Mr. T. W. Turner has been appointed a director of EXECUTIVE SEARCH. He joins the company from Ranks Hovis McDougall.

New chairman takes over at Empire stores (Bradford)

Mr. John Gratwick, a director of EMPIRE STORES (BRADFORD) for five years and vice chairman for the past four years, has taken over as chairman. He succeeds Mr. C. T. Wells, who has retired from the Board.

★

Mr. Tony Griffiths has been appointed managing director of MOTTENSHEAD AND SMITH, a subsidiary of Leigh Interests.

★

Mr. P. C. Warner has been appointed head of corporate engineering at NORTHERN ENGINEERING INDUSTRIES, responsible to the group managing director and in an advisory capacity to the executive directors.

★

Mr. S. Goulding has been appointed financial director of JOHNSTONE AND CUMBERS, a Horsell company.

★

Mr. William R. Arthur has succeeded Mr. Harry B. Anderson as chairman and chief executive officer of MERRILL LYNCH INTERNATIONAL INC. Mr. J. Arthur Urciuoli replaces Mr. Arthur as president and chief administrative officer. Mr. Frederick J. Sears, executive vice-president of Merrill Lynch International and Co., in the Paris office, has also been elected executive vice-president of Merrill Lynch International Inc. Mr. Michele Potsios, formerly European regional director, Paris office, has become executive vice-president for offices marketing of Merrill Lynch International and Co. Mr. Potsios, as well as Mr. Milan C. Kerno, executive vice-president — capital markets of Merrill Lynch International and Co. and chairman of the International Banking Group, with headquarters in London, have been made directors of Merrill Lynch International and Co.

★

Mr. Sidney Jerome has been appointed to the Board of the MATFIELD PRESS from October 1 with special responsibility for sales.

★

Mr. John M. Rinne has been appointed president of RINNE INC., which was formed in June this year with offices in London, San Francisco and Caracas to provide specialist construction management services for Offshore projects. Mr. Edward Rinne, Mr. John Rinne and Mr. Stanley Rinne are employed by the new company as outside directors.

★

Mr. Charles F. Trapp, for the last two years president of the industrial power transmission division, Dana Corporation, has been promoted to senior vice-president—administration for the DANA-INDUSTRIAL GROUP, a newly-created position.

★

Mr. J. P. Sykes of PA Management Consultants will be joining BOOKER McCONNELL on October 1 in the newly-created post of group personnel adviser.

★

Mr. Kenneth Grange, Pentagrom's industrial design partner, has been retained by the DESIGN COUNCIL as special adviser for its industrial design.

★

OLIVETTI CORPORATION OF AMERICA has named Mr. Nathaniel Samuels as its president. He is a former under secretary of the U.S. Treasury, and is at present vice-president of Kuhn Loeb Lehman Brothers International and President of the Louis Dreyful Holding Company. Mr. Carlo de Benedetti, vice-president and managing director the Olivetti parent company, has become vice-president of the U.S. unit.

★

Mr. Christoper Keeley has been appointed a director of the MOORGATE INVESTMENT COMPANY.

FINANCIAL TIMES STOCK INDICES

—	Sept. 22	Sept. 21	Sept. 20	Sept. 19	Sept. 18	Sept. 15	A year ago
Government Secs.	70.55	70.81	70.71	70.57	70.58	70.58	76.59
Fixed Interest	72.30	72.38	72.17	72.10	72.14	72.12	76.23
Industrial	518.6	525.7	529.1	525.2	530.8	530.4	504.7
Gold Mines	178.4	183.1	181.5	182.2	181.9	188.8	149.0
Ord. Div. Yield	5.18	5.13	5.10	5.14	5.09	5.09	5.27
Earnings, Y'ld%(full)(*)	14.69	14.54	14.45	14.57	14.43	14.54	15.50
P/E Ratio (net)(*†)	9.01	9.11	9.16	9.09	9.18	9.09	9.20
Dealings marked	4,810	5,012	5,164	5,563	5,474	6,257	5,897
Equity turnover £m.	—	91.89	77.84	72.12	84.48	114.80	92.45
Equity bargains total	—	16,833	17,097	16,925	19,423	22,478	16,458

10 am 522.0. 11 am 522.2. Noon 522.0. 1 pm 520.6. 2 pm 520.4. 3 pm 519.5.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=8.78.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (3/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines.	206.6 (14/6)	130.3 (3/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 22	Sept. 21
—Daily		
Gilt-Edged	139.7	146.4
Industries	173.8	183.5
Speculative	39.5	35.6
Totals	109.5	114.1
5-day Average		
Gilt-Edged	137.2	137.5
Industrials	196.0	208.9
Speculative	36.2	35.9
Totals	118.5	125.1

FT—ACTUARIES INDICES

—	Sept. 15	Sept. 14	Sept. 13	Sept. 12	Sept. 11	Sept. 8	A Year ago
Industrial Group	238.42	241.43	240.38	238.44	236.74	234.62	216.99
500 Shares	261.97	265.03	263.94	261.86	260.22	257.81	243.11
Div. Yield p.c.	5.04	4.97	4.99	5.03	5.06	5.08	4.89
P/E Ratio (net)	8.96	9.07	9.03	8.97	8.91	8.82	9.79
All Shares	239.45	242.30	241.25	239.59	238.18	236.00	221.56

Businessman's Diary

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	International Garden and Leisure Exhibition (cl. Sept. 27)	Nat. Exbn. Centre, Birm'ham
Current	Furnaces, Refractories, Heat Treatment and Fuel Economy Exbn. and Symposium (cl. Sept. 29)	Nat. Exbn. Centre, Birm'ham
Current	Intnl. Broadcasting Conv. and Exbn (cl. Sept. 29)	Wembley Conf. Centre
Sep. 26—28	Mailing Efficiency Exhibition	Bloomsbury Centre Hotel
Sep. 28	Petroleum Equipment Exhibition	Treetops Hotel, Aberdeen
Oct. 1—4	Frozen Foods and Freezer Festival	West Centre Hotel, SW6
Oct. 2—5	Southern Floor Coverings Exhibition	Metropole, Brighton
Oct. 2—7	Business Journals Exhibition	Cunard Intnl. Hotel, W6
Oct. 2—7	Int. Production Engineering & Productivity Exbn.	Olympia
Oct. 3—4	Electronic Instruments Exhibition	Eurocrest Hotel, Runcorn
Oct. 3—6	London Business Show	Cunard International Htl., W6
Oct. 5—10	Salon International	Wembley Conference Centre
Oct. 7—9	National Shoe Repair Exhibition	Harrogate
Oct. 14—28	International Handicrafts and DIY Exhibition	Earls Court
Oct. 24—26	Environmental Health Exhibition	Bournemouth
Oct. 24—27	London Business Equipment Exhibition	Cunard International Htl., W6
Oct. 24—27	European Offshore Petroleum Conference and Exhibition	Earls Court

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Sep. 27—29	Toy Show	Dallas
Sept. 28—Oct. 1	Intnl. Fair for Industry, Trade and Handicrafts	Dusseldorf
Sep. 28—Oct. 8	Caravan Exhibition	Paris
Oct. 1—15	International Trade Fair	Baghdad
Oct. 2—6	MIDEST 78 (Industrial Exhibition)	Toulouse
Oct. 2—6	Exhbn. of Electronics, Telecommunications, Data Processing and Nuclear Technique	Ljubljana
Oct. 2—8	International Clothing Fair "Fashion in the World"	Beograd
Oct. 3—8	Intnl. Tobacco and Machinery and Agro-Industrial Fairs	Skopje
Oct. 5—14	International Trade Fair	Bucharest
Oct. 5—15	Motor Show	Paris
Oct. 6—10	Summer Fashion Show	Nice
Oct. 7—10	European Furnishing Market	Lyon
Oct. 10—13	Fourth European Electro-Optics Conf. and Exbn.	Utrecht
Oct. 12—23	USSR Scientific Research Equipment Exbn.	Moscow
Oct. 12—13	Annual Library Microform Conference and Exbn.	Washington Hilton
Oct. 15—22	International Wine Fair	Verona
Oct. 19—22	Solar Energy Exhibition and Conference	Verona
Oct. 26—29	World of Investment '78	Los Angeles

BUSINESS AND MANAGEMENT CONFERENCES

Sep. 26	Brit. Council of Productivity Assocns: Unfair Dismissal	Waldorf Hotel
Sep. 27	Continental Conferences: A seminar on leasing	Greenwood Conf. Theatre, London, SE1
Sep. 27	Oyez: Communicating the Company Performance. Speakers include Michael Lafferty, Financial Times	Carlton Tower, SW1
Sep. 28—29	Risk Research Group: Captive Insurance Companies—Establishment, operation and management	Royal Garden Hotel, London
Sep. 28	Assocn. of Franchised Distributors of Electronic Components: Electronic Marketing '78	Café Royal, London
Sep. 28	Brit. Institute of Management: Pay and Productivity	London Hilton
Oct. 1—6	Bradford University: Advanced Mangment. Acctng.	Management Centre, Bradford
Oct. 1—6	BACIE Training Services: Interpersonal skills	Sackville Hotel, Hove
Oct. 2	Industrial and Comml. Finance Cpn. and NUMAS, seminar: Making Profit from Productivity	Furze Hill Hotel, Margaretting, Essex
Oct. 2—3	European Study Conf. and the Inst. of Marketing: Pricing for the Common Market and America	Kensington Close Hotel, W8
Oct. 2—3	New York University: European-American Commodities Conference	London Hilton
Oct. 2—4	Chartered Institute of Transport and FT Conference Organisation: Intl. Transport—the Common Problems	Royal Lancaster Hotel, W2
Oct. 2—6	Institute of Personnel Management: Selecting the Right Candidate	Whites Hotel, W2
Oct. 4—5	Anthony Skinner Management: Fraud—Detection and Prevention	Piccadilly Hotel, London
Oct. 9	Brit. Council of Productivity Assocns.: Contracts of Employment	Waldorf Hotel, London
Oct. 11	Abacus Conferences: Using Industrial Design Copyright to the best advantage	Kensington Palace Hotel, London
Oct. 17	Institute of Marketing: How to Manage Salesmen for More Profitable Selling	Royal Garden Hotel, Kensington
Oct. 18	Henley Centre for Forecasting: Planning Consumer Markets	Carlton Tower Hotel

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based on last year's timetable.

Ex-Navy diving officers limit offshore accidents

THE HIGH DEATH rate among offshore divers operating in the North Sea is being reduced thanks to the work of highly professional ex-Royal Navy diving officers.

Mr. Alex Eadie, Under-Secretary of State for Energy, said yesterday. These men, members of the Department of Energy's diving inspectorate, were constantly travelling round offshore installations. They were a major influence over North Sea oil and gas operations.

"They have helped reduce the number of fatalities among divers—27 since 1971—and now the knowledge gained in the cold, hostile waters off Scotland is benefiting the world's diving industry."

Mr. Eadie, whose home is at East Wemyss, Fife, added: "As an ex-miner I am greatly interested in safety and I am pleased to say that the diving rules that Britain has framed have been used as a basis for legislation and regulation in other countries with expanding offshore oil and gas industries.

"A lot of the diving inspectorate's attention is given to the rules governing divers medical examinations, but the paramount interest is in training.

"The Government has sponsored a training establishment at Fort William and has introduced much tougher rules governing the qualifications of new divers entering the industry.

"This is essential since training standards can literally mean the difference between life and death. Like working underground in a coal mine there's not much room for error and human error is far and away the most frequent factor in cases of diving deaths."

Publishers attack advertising ban

PROVINCIAL newspaper publishers yesterday condemned a State-owned corporation for withdrawing advertising from a newspaper which accused it of ignoring public opinion.

The newspaper, the North Wales Weekly News, had accused Wales Gas in an editorial of being insensitive to public opinion over a 300-ton liquid gas depot at Llandudno. The decision to withdraw advertising was made by senior management.

The Newspaper Society, representing 1,200 provincial newspapers, said it viewed the decision with great concern.

It was "astonished at this attempt to use the withdrawal of advertising to seek to influence editorial freedom and believes that the placing of commercial advertising by a State-owned body should be governed only by normal commercial criteria."

Ulster bid to lure investment

By Our Belfast Correspondent

A FURTHER step in Ulster's efforts to lure U.S. investment will be taken this week when the Lord Mayor of Belfast visits New York on an industrial promotion tour.

Alderman David Cook's main engagement will be an address to industrialists and financiers at the Chase Manhattan Bank on Friday.

Mr. Cook said: "I hope to demonstrate to those who do not know the situation already, the quiet and gradual progress which is being made in Ulster and the enormous contribution which can be made to the welfare of the province by American businessmen."

Five U.S. concerns, including General Motors, have established plants in Northern Ireland within the past six months.

However, there is now concern among Ulster trade union leaders that opposition to Government pay policy in the present round could damage the province's good industrial relations record.

Mr. John Freeman, Irish Regional Secretary of the Transport and General Workers' Union, whose members were among the 1,100 workers who walked out of the Ford component factory in Belfast on Friday night, said: "There is no doubt that we are in for a winter of discontent because of the 5 per cent guideline."

Meanwhile 2,000 manual workers at James Mackie and Son, the Belfast engineers, will meet today to discuss a 5 per cent offer from the company.

Mackie, blacklisted last year because it refused to renegotiate a 22 per cent award, is sticking rigidly to Government policy under Phase Four.

BBC scores double

FOLLOWING ITS success with The Spongers in the drama category, the BBC has also won the documentary award at the Prix Italia international television festival in Milan, with *Casualty*, the first programme in the series *Hospital*.

It is the second time the BBC has achieved a double at the festival.

Casualty, was first shown on BBC2 last October, as one of the episodes in a series about two hospitals at Bolton.

AUTHORISED UNIT TRUSTS

Capital	[illegible]	[illegible]	[illegible]	2.99
Do. Accum.	31.6	34.6	−0.3	2.99
Income	54.9	59.1	−0.7	6.08
Do. Accum.	64.1	69.0	−0.8	6.08
International	47.0	50.9	−0.4	2.27
Do. Accum.	50.2	54.2	−0.4	2.27
High Yield	66.9	71.9	−0.3	7.49
Do. Accum.	70.9	76.2	−0.3	7.49
Equity Exempt*	108.1	114.1	.....	5.49
Do. Accum.*	108.1	114.1	.....	5.49

*Prices at Aug. 31. Next dealing Sept. 29.

CORAL INDEX: Close 517-522

INSURANCE BASE RATES

Property Growth	10¼%
Vanbrugh Guaranteed	9.25%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Jardine Fleming & Co. Ltd.

46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$375.52	.....	1.90
Jardine J'pn. Fd.*	HK$401.98	.....	0.90
Jardine S.E.A.	$US20.46	.....	1.50
Jardine Flem. Int.	HK$12.42	.....	—
Intl. Pac. Secs. (Inc.)	HK$14.91	.....	—
Do. (Accum.)	HK$15.16	.....	—

NAV Sept. 14. *Equivalent $US80.64.
Next sub. Oct. 6.

Warburg Invest. Mngt. Jrsy. Ltd.

1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. Aug. 31	$US13.33	13.68	.....	—
CMT Ltd. Aug. 31	£13.62	14.18	.....	—
Metals Tst. Sept. 21	£12.38	12.68	+0.16	—
TMT Sept. 14	$US11.48	11.78	.....	—
TMT Ltd. Sept. 14	£11.39	11.69	.....	—

World Wide Growth Management◆

10a, Boulevard Royal, Luxembourg.

Worldwide Gth Fd	$US16.75	−0.10	—

NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ϕ. § Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

Interest Due		Stock	Price £	Last xd.	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
9M	9S	Treasury 11½pc '79‡‡	101⅜	3.8	11.34	8.40
17M	17S	Treasury 3pc '79‡‡	96⅛	11.8	3.12	6.96
26M	26S	Electric 4¼pc '74-79	97¼xd	21.8	4.37	7.14
1M	1N	Treasury 10½pc '79‡‡	100¼	28.3	10.43	9.74
15M	15N	Electric 3½pc '76-79	95½	10.4	3.65	7.37
3M	3S	Treasury 9pc 1980‡‡	99½	22.7	9.11	9.92
14M	14N	Treasury 9½pc '80‡‡	98¾	7.4	9.62	10.29
15J	15O	Treasury 3½pc '77-80	93⅞	9.5	3.73	7.34
15J	15D	Funding 5½pc '78-80‡‡	94¼	9.5	5.57	8.99
25M	25N	Exchequer 13pc 1980‡‡	103⅜	18.4	12.58	10.94
15J	15Jn	Treasury 11½pc 1981‡‡	100⅜	3.6	11.46	11.06
15F	15A	Treasury 3½pc 1979-81	89¾	10.7	3.90	8.30
1A	1O	Treasury 9¾pc 1981‡‡	96⅝xd	25.8	10.09	11.34
12J	12D	Exch. 8¼pc 1981	93⅛	—	8.85	11.20

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

Interest Due		Stock	Price £	Last xd	Div % Gross	Red. Yield
—		Antofagasta Rly.	24	871	—	—
1J	1J	Do. 5pc Pref.	41	30.5	—	—
1J	1J	Chilean Mixed	98	3.7	—	£3.10
1J	1D	German Yng. 4½pc.	411	1.6	4½	—
1M	1N	Greek 7pc Ass.	52	2.5	3½	£6.90
1F	1A	Do 6pc 28 Stab. Ass.	50	1.8	6	£6.04
1A	1O	Do 4pc Mixed Ass.	42	3.4	4	£5.05

BONDS & RAILS—Cont.

Interest Due		Stock	Price £	Last xd	Div % Gross	Red. Yield
May 1		Hung. '24 Ass.	50	2.5	4½	5.59
30J	31D	Iceland 6¾pc '83-88	68	30.5	—	12.50
10J	10J	Ireland 7½pc '81-83	83¼	12.6	7½	12.65
1M	1S	Do 9¾pc '91-96	80½xd	15.8	9¾	12.56
1J	1D	Japan 4pc '10 Ass.	400	1.6	—	—
30J	31D	Do 6pc '83-88	72	30.6	6	10.70
1A	1O	Peru Ass. 3pc	140	3.4	3	2.17
30J	31D	S.G.I. 6½pc 1980	75p	30.6	6½	8.67
May 1		Turin 9pc 1991	$94½	2.5	9	9.52
15A	15O	Turin 6½pc 1984	DM91	17.4	6½	8.80
1F.M.A.N.		Uruguay 3½pc	97	2.5	3½	3.60

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

Dividends Paid	Stock	£	Last xd	Div. Gross	Cvr	Y'ld Gr's
Apr. Oct.	ASA	20¾	8.5	80c	—	1.9
September	AMF 5% Conv '87	59	15.9	5%	—	f5.0
Ma.Ju.Se.De.	Amax $1	34¾	4.8	$1.75	—	2.6
Ja.Ap.Jy.O.	American Express	25½	3.7	$1.40	—	2.8
April	Amer. Medic. Int.	20	17.5	30c	—	0.8
December	Asarco Inc.	11⅛	3.5	40c	—	1.8
No.Fe.Ma.Au.	Baker Intnl. Corp. $1	23⅛	1.8	64c	—	1.4
Mr.Ju.S.D.	Barnes Grp. $6⅔	17⅛	25.5	90c	—	2.6
D.Mr.Ju.SP.	Bendix Corp $5	28¼xd	4.9	$2.28	—	4.1
M.Je.S.D.	Beth. Steel $8	16⅞	4.8	$1.00	—	3.0
Ja.Ap.Jy.O.	Brown'g Fer. c16⅔	10¼xd	14.9	50c	—	2.5
F.My.Au.N.	Brunswick Corpn.$1	12⅛	17.7	70c	—	2.9

S.E. List Premium 42½% (based on $1.9730 per £) Conversion factor 0.6996 (0.6850)

CANADIANS

S.E. List Premium 42½% (based on $2.3115 per £)

BANKS AND HIRE PURCHASE

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Sept.	Mar.	Hong Shng $2.50	296	4.9	hQ59c	—	2.3
June	Nov.	Jessel Toynbee	62	2.5	h3.32	—	8.0
Jan.	June	Joseph (Leo) £1	200	10.7	8.74	—	6.5
Feb.	Aug.	Keyser Ullmann	51	30.5	0.67	—	2.0
June	Dec.	King & Shax 20p	64	15.5	3.44	—	8.0
May	Nov.	Kleinwort B.L.	105	3.4	†4.18	—	6.1
Aug.	Apr.	Lloyds £1	260	24.7	†9.23	4.8	5.3

BANKS & HP—Continued

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Jan.	Sept.	Manson Fin. 20p	50	21.8	‡3.12	φ	9.3
	Sept.	Mercury Secs.	120	24.7	3.79	—	4.7
July	Apr.	Midland £1	360	7.2	†14.97	4.3	6.2
Dec.	June	Do. 7½% 83-93	£82	12.6	Q7½%	21.1	f9.4
June	Dec.	Do. 10¼% 93-98	£88	15.5	Q10¼%	21.1	e12.0
Jan.	July	Minster Assets	63	30.5	3.60	2.5	8.5
June	Dec.	Nat. Bk. Aust. $A1	258	30.5	Q15c	1.4	4.2
Jan.	July	Nat. Com. Grp.	76	15.5	†2.67	4.6	5.2
Aug.	Mar.	Nat. West. £1	268	7.8	†11.66	4.2	6.5
May	Nov.	Schroders £1	455xd	18.9	11.72	—	3.8
Jan.	July	Seccombe M.C. £1	220	30.5	13.54	—	9.2
Nov.	June	Smith St. Aub.	84	2.5	5.09	—	9.0
Jan.	Aug.	Stand'd Chart. £1	425	10.7	19.64	3.4	6.9
	June	Trade Dev. $1.50	$10½	30.5	Q55c	3.2	5.2
Sept.	Mar.	Union Disc £1	330	20.7	h16.05	—	7.3
—		U.D.T.	46	874	—	—	—
J. A. Jy. O.		Wells Fargo $5	£21⅝	28.3	$1.40	—	3.6
Nov.	March	Wintrust 20p	68	21.8	3.08	—	6.8

Hire Purchase, etc.

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Feb.	Aug.	Cattle's (Hldgs) 10p	36	21.8	hd1.86	2.0	7.7
	May	Cie Bcre Fr. 100	£70	15.5	Q12%	—	2.2
—		Credit Data 10p	8#	—	—	—	—
Aug.	Jan.	Lloyds & Scot. 20p	95	12.6	†4.01	2.4	6.3
Feb.	June	Lnd. Scot. Fin. 10p	45	3.4	g1.9	3.0	6.3
—		Moorgate Merc. 10p	13½	873	—	—	—
Oct.	Mar.	Prov. Financial	110xd	13.9	†4.94	2.3	6.7
Mar.	Sept.	Strlc. Credit 10p	26xc	21.8	h0.96	2.3	5.5
—		Sturla Hldgs. 10p	14	774	—	—	—

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MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Nov. May	Falcon Rh.50c	170xd	18.9	Q60c	ϕ	21.4
May	Rhod'n Corp. 16½p.	16	17.4	0.57	7.1	5.3
—	Roan Cons. K4	70	12.74	—	—	—
Nov. May	Wankie Col. Rh.1	33	17.4	†Q7½c	1.4	19.4
—	Zam.Cpr.SBD0.24	15	11.74	—	—	—

AUSTRALIAN

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Acmex 25c	12	—	—	—	—
Nov. Apr	Bougainville 50 Toea	125	14.3	†Q8c	1.4	4.0
—	BH South 50c	120	9.74	—	—	—
—	Central Pacific	525	—	—	—	—
Oct. May	Conzinc Riotinto 50c	318	14.3	‡Q10c	2.2	‡
—	Endeavour 20c	24	—	—	—	—
—	G.M. Kalgoorlie $1	60	6.67	—	—	—
—	Haoma Gold N.L.	62	—	—	—	—
September	Hampton Areas 5p	131	10.7	t3.55	2.0	4.0
—	Metals Ex. 50c	39½	—	—	—	—
Dec. Apr.	M.I.M. Hldgs. 50c	203	13.2	Q9c	1.7	2.7
—	Mount Lyell 25c	33	—	—	—	—
—	Newmetal 10c	6½	—	—	—	—
June Nov	North B. Hill 50c	122	15.5	Q8c	ϕ	4.1
—	Nth. Kalgurli	15	—	—	—	—
—	Nth. West Mining	43	—	—	—	—
June Nov.	Oakbridge $A1	155	7.4	†Q11c	1.9	4.4
—	Pacific Copper	66	—	—	—	—
—	Pancont'l 25c	£10⅜	—	—	—	—
—	Paringa M&Ex 5p	31	—	—	—	—
Apr. Oct.	Peko-Wallsend 50c	523	19.9	Q15c	ϕ	1.8
—	Southern Pacific	205	—	—	—	—
Oct. May	Westn. Mining 50c	155	4.9	Q3c	ϕ	‡
—	Whim Creek 20c	45	—	—	—	—

TINS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Nov. Apr.	Amal. Nigeria	26xd	18.9	2.82	ϕ	16.2
Apr. Oct.	Ayer Hitam $M1	360	13.3	†Q56.7c	0.9	‡
Apr. Oct.	Beralt Tin	49	8.8	t4.0	4.4	12.8
Jan. July	Berjuntai $M1	262	24.7	Q110c	ϕ	9.0
Feb. Oct.	Geevor	150	7.8	5.04	5.8	5.0
—	Gold & Base 12½p	10	10.74	—	—	—
June Dec.	Gopeng Cons.	340	17.4	15.23	0.9	6.8
—	Hongkong	225	11.67	—	—	—
May Nov.	Idris 10p	90	24.7	‡12.0	1.6	‡
—	Jantar 12½p	8	4.67	—	—	—
—	Kamunting $M0.50	76	4.9	Q12½c	2.1	3.5
Jan. July	Killinghall	640	10.7	Q125	ϕ	20.2
April	Malay Dredging $M1	450	13.3	†Q95c	0.8	4.5
—	M'Pahang	68	9.75	‡Q3.75c	0.5	‡
Mar. Sept.	Pengkalen 10p	75	12.6	6.60	1.3	13.1
June. Jan.	Petaling $M1	260	12.6	†Q80c	1.6	7.1
Mar. Oct.	Saint Piran	58	4.9	2.03	ϕ	5.2
February	South Crofty 10p	58	10.7	4.19	2.0	10.8
Jan. July	South Kinta $M0.50	220	4.9	Q70c	ϕ	6.8
June Jan.	Sthn Malayan $M1	315	3.4	‡Q131.3c	1.1	9.0
—	Sungei Besi $M1	215	26.6	Q65c	ϕ	6.5
—	Supreme Corp $M1	70	9.74	ZQ10c	—	3.1
May Nov.	Tanjong 15p	90	24.7	6.60	0.8	10.9
Sept. Mar.	Tongkah Hrbr. $M1	90	12.12	‡Q56.82c	1.6	‡
Apr. Oct.	Tronoh $M1	245	13.3	ZQ88c	1.6	7.7

COPPER

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
June Dec.	Messina R0.50	76	12.12	‡Q30c	1.9	‡

MISCELLANEOUS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Barymin	58	—	—	—	—
—	Burma Mines 17½p	13	5.75	—	—	—
Aug. Feb.	Cons. Murch. 10c	260	3.1	‡Q30c	2.6	‡
November	Northgate C$1	360	30.9	—	—	—
Jan. June	R.T.Z.	237	25	9.5	2.8	6.1
—	Sabina Inds. C$1	52	—	—	—	—
—	Tara Exptn. $1	818	—	—	—	—
Nov. July	Tehidy Minerals 10p	74	25	ϕ1.35	ϕ	2.7
October	Yukon Cons. C$1	147	15.9	Q7c	2.9	2.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- § No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 35

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	25	......	Sheff. Refrshmt.	63	......
Ash Spinning	46	..	Sindall (Wm.)	105	......
Bertam	20	...			
Bdg'wtr. Est. 50p	330	+8	**IRISH**		
Clover Croft	26	..			
Craig & Rose £1	520	.....			
Dyson (R. A.) A.	39	......	Conv. 9% '80/82.	£91⅞	−⅛
Ellis & McHdy.	67	+1	Alliance Gas	78	+3
Evered	28xd	−1	Arnott	410	......
Fife Forge	52	....	Carroll (P.J.)	105	......
Finlay Pkg. 5p	21	......	Clondalkin	90	......
Graig Ship. £1	125	......	Concrete Prods.	145	......
Higsons Brew	80	.....	Heiton (Hldgs.)	51	+4
I.O.M. Stm. £1	153	......	Ins. Corp.	180	......
Holt (Jos.) 25p	258	....	Irish Ropes	130	......
N'thn. Goldsmith	70	....	Jacob	63	......
Pearce (C. H.)	190	.....	Sunbeam	31	......
Peel Mills	20	....	T.M.G.	185	......
Sheffield Brick	45	+1	Unidare	110	......

OPTIONS
3-month Call Rates

Industrials		I.C.I.	20	Tube Invest.	30
A. Brew	6½	"Imps"	6	Unilever	35
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	8	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	17		
Beecham	35	Legal & Gen.	14	**Property**	
Boots Drug	15	Lex Service	7	Brit. Land	3¼
Bowaters	16	Lloyds Bank	22	Cap. Counties	4½
B.A.T.	24	"Lofs"	4	E.P.	5
British Oxygen	6	London Brick	5	Intereuropean	4
Brown (J.)	20	Lonrho	5	Land Secs.	16
Burton 'A'	12	Lucas Inds.	25	MEPC	12
Cadburys	5	Lyons (J.)	10	Peachey	8
Courtaulds	10	"Mams"	7	Samuel Props.	9
Debenhams	8	Mrks. & Spncr	10	Town & City	1¼
Distillers	15	Midland Bank	25		
Dunlop	7	N.E.I.	12	**Oils**	
Eagle Star	11	Nat. West Bank	22		
E.M.I.	14	Do. Warrants	10	Brit. Petroleum	45
Gen. Accident	17	P & O Dfd.	8	Burmah Oil	5
Gen. Electric	18	Plessey	8	Charterhall	3
Glaxo	40	R.H.M.	5	Shell	28
Grand Met.	9	Rank Org. 'A'	18	Ultramar	20
G.U.S. 'A'	20	Reed Intnl.	12		
Guardian	18	Spillers	3	**Mines**	
G.K.N.	22	Tesco	4	Charter Cons.	12
Hawker Sidd.	20	Thorn	22	Cons. Gold	14
House of Fraser	12	Trust Houses	15	Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Monday September 25 1978

Company law reforms may be speeded

BY MARGARET REID

LONG-POSTPONED reforms of company law, including a ban on insider share dealing, may be brought before Parliament soon as there will be scope for non-controversial legislation in the coming session.

Ministers are expected this week to consider whether to introduce in the coming Parliamentary session the draft Bill in the White Paper "Changes in Company Law," which was presented to Parliament by Mr. Edmund Dell, Trade Secretary, in July.

The Bill also provides for tightening the law concerning companies' loans to their directors. In addition, it would implement the European Economic Community's second directive on company law through the introduction of a new definition of public companies.

Both the present Government and the former Conservative administration under Mr. Heath have had plans to stiffen company law with various measures, including outlawing insider dealing, in the light of scandals in recent years.

However, the Conservatives' Bill was overtaken by the Heath government's defeat in February 1974, while the Bill Mr. Dell wanted to introduce in the 1977-78 session, was squeezed out by pressure on the Parliamentary programme.

Doubtful

When the Trade Secretary's draft Bill was published in July, it seemed doubtful whether it could be brought in for some time since, following a general election, the incoming government might have given higher priority to more partisan Bills.

All that seemed likely for some time was a brief Bill, mainly to implement the changes in designation of public companies—to be called Public Limited Companies—to comply with EEC requirements by the end of this year.

The present political situation, however, makes it more appropriate for relatively uncontroversial reform measures to find a place in the legislative programme.

The centrepiece of the planned companies Bill, the outlawing of insider dealing—the use of confidential information to make personal profits on share transactions—may not, however, prove as uncontroversial as seemed likely at one time.

Disliked

Mr. John Nott, Conservative Trade spokesman, has expressed dislike of the present drafting of the relevant passage in the Bill; and there has been some critical muttering within the Stock Exchange, though it gave its blessing a few years ago to the principle involved.

Investment analysists are also unhappy. They fear that the ban would hamper their work by making companies reluctant to provide background information.

It would be surprising however if Ministers, presented with a suitable legislative opportunity, were deterred b ysuch doubts from proceeding with a reform which has long had wide, and generally bi-partisan, support.

The exact drafting of the ban on insider dealing—for which penalties of up to two years in jail are proposed—will need careful scrutiny to ensure that it does not catch innocent transactions.

Arab rejection front cuts links with Egypt

BY ANTHONY McDERMOTT

THE ARAB STATES most opposed to the Camp David summit yesterday decided in Damascus to break economic and political relations with Egypt.

The four-day conference—the third such meeting—of the "front for Steadfastness and Confrontation" composed of Syria, Algeria, Libya, and the Palestine Liberation Organisation (PLO), agreed also to wreck the Camp David agreements and set up joint political and military commands.

In Jerusalem meanwhile the Israeli Cabinet, after an eight hour session, yesterday approved by 11 votes to two (with three ministers abstaining) the Camp David accords between their Prime Minister and Egypt and agreed in principle to abandon settlements in Sinai.

The Israeli Cabinet decision still has to be sanctioned by the Knesset (Parliament). Nevertheless, the decision was significant for two main reasons. Firstly, it is almost unprecedented for agreement to be reached on the voluntary removal of such settlements which are historically the foundations of Zionism. Second, their removal has been the key element in Egyptian agreement to sign, within the next three months, a treaty with Israel.

Also yesterday Mr. Cyrus Vance, U.S. Secretary of State, concluded his Middle East tour with four hours of talks with President Assad of Syria following talks with Jordan and Saudi Arabia.

The talks with the Syrian leader were described in diplomatic language as being "helpful and frank" indicating that Mr. Vance had had little success in dissuading Syria from its hostile position while explaining the Camp David accords to President Assad.

On the face of it, Mr. Vance's tour has not been very successful in persuading Saudi Arabia, Jordan, and Syria that they should give some support to the Camp David accords.

King Hussein has asked for detailed clarification on some points. Saudi Arabia told Mr. Vance that there could be peace only if there was a comprehensive settlement involving all parties to the conflict and "reiterated its insistence on the necessity of a withdrawal from holy Jerusalem and its return to Arab soverignty," the official Saudi press agency reported.

Soviet arms

Reports from Damascus said that Mr. Assad had told Mr. Vance that the policy followed by President Sadat of Egypt was "not acceptable" since it contradicted the resolutions of the 1974 Arab summit in Rabat which made the PLO virtually responsible for the return and control of occupied territory on the West Bank and Gaza Strip.

However, Western diplomatic sources in Damascus were saying yesterday that bearing in mind Mr. Vance's talks and the anti-Sadat summit, the outcome was "not as bad as we feared."

The resolutions of the summit bear this interpretation out. For besides deciding to break relations with Egypt, and seeking to transfer Arab League headquarters from Cairo, they resolved that Mr. Assad would be sent on tour of Arab countries to seek political and material support for the resolutions.

The summit documents criticised U.S. Midle East policy at length but did not contain any provision explicitly ruling out negotiations with Israel to end the conflict.

Furthermore, it was reported that the release of the final summit documents was delayed because of a bitter row over the establishment of a joint fund to finance the defence needs of the "steadfastness front."

Col. Muammar Gaddafy, the Libyan Head of State, was said to have refused to pledge a specific percentage of his country's oil wealth to the defence fund.

In addition, the conference resolved that Mr. Assad would contact the Soviet Union which, according to the Cairo weekly magazine Rose al-Youssuf, had sent an observer to discuss the possibility of developing relations "in such a way as to lead to more military and political reinforcement . . . to reinstate the military and political balance in the area, and to strengthen and deepen relations between the Soviet Union and the countries of the Front for Steadfastness and Confrontation."

Riyadh stresses solidarity, Page 2

Cash outflow increases after unrest in Iran

BY ANDREW WHITLEY

TEHRAN, Sept. 24.

THE OUTFLOW of foreign exchange from Iran is reported to have increased from an average of $10m a day to as much as $50m a day as a result of the recent unrest in the country.

Foreign bankers in the country suggest that as much as $700m may have left the country since the imposition of martial law in the major urban areas 16 days ago—although no exact figures are available.

The Government-controlled local press itself has suggested that the outflow has been around $50m a day and this is considered by foreign bankers here to be a credible estimate. One small bank is known to have had requests for transfers amounting to $25m in a single week.

No official foreign exchange controls exist here and, according to senior officials of the Central Bank of Iran, there are no plans to introduce any. But rumours abound in banking circles that the commercial banks may now impose ceilings on their customers' foreign-exchange purchases.

An unconfirmed report says the Central Bank has reminded the commercial banks of an old, unenforced requirement to seek permission from the state body for any individual transfer request above $10,000.

In itself this requirement would not act as much of a deterrent as there is nothing to stop anyone withdrawing large sums on successive days from the same bank, or indeed from different banks. Furthermore a significant proportion of foreign exchange dealings are carried out on the open market in Tehran.

Confirmation that there has been some increase in foreign transfers this year, over the same period last year, came from Mr. Bahman Homayoun, a deputy governor of the Central Bank. Last year they could have amounted to $2bn. He said that in view of the political situation it was not surprising that people were taking money out, but that he had not seen an "extraordinary increase" in recent weeks.

According to Mr. Homayoun, the outflow always rises in summer because of the large number of Iranians travelling abroad.

He pointed out that no immediate decision was likely on controls as both Mr. Yussef Khoshkish, the Governor, and Mr. Mohammed Yeganeh, the Economy and Finance Minister, are abroad at present.

Suggestions that the outflow could be as large as 50m dollars a day—up to five times the usually accepted figure earlier this year—have been given considerable prominence in the newspapers.

The mass-circulation daily Ettela'at says today that even though the political crisis has lessened, the outflow of money is still continuing.

It speaks of the outflow as a "thorn in the people's eye" and links those involved with the current drive against corruption.

Practical steps recommended in the papers to ease the root causes of the currency drain range from the relaxation of domestic credit controls to the greater protection of local manufacturers and tax reductions.

The lowering of Iran's low tax rates, especially to help the lowest paid, is already Government policy.

The Labour Ministry announced today that proposals to be presented to Parliament to end income tax for all those earning less than 20,000 rials (£143) a month would affect between 2 and 2½m workers. Another proposal is to reduce the base rate of taxation from 8 per cent to 6 per cent.

Industry call on bank finance confirmed

BY MICHAEL BLANDEN

THE STRONG revival in industry's demand for bank finance in recent months is confirmed by the latest breakdown of lending published today by the Bank of England.

In the three-month period to mid-August, sterling advances by the banks to the private sector increased by £1.07bn.

This was a slightly smaller rise than the £1.19bn recorded in the previous three months. But the Bank points out that the statistics are not a reliable guide to the underlying trend of bank lending.

This is because other forms of lending, including particularly bank acceptances, increased rather more strongly in the latest period but are not analysed in the quarterly breakdown.

Figures already published have indicated that total bank lending to the private sector in sterling, including commercial bills temporarily held by the Bank, rose by £1.49bn in the three months to mid-August.

This followed an increase of £1.23bn in the previous period, but the more rapid rate of rise can be entirely explained by normal seasonal factors.

Three main areas accounted for the rise in the August quarter. These were manufacturing, with an increase of £589m; the personal sector, up by £401m; and agriculture, with a rise of £205m.

The 8 per cent rise in lending to manufacturing industry followed a modest 1 per cent increase recorded in the previous quarter.

The engineering sector took an extra £177m, a rise of 8 per cent.

The residual "other manufacturing" group recorded an increase of £138m, or 11 per cent, while the food, drink and tobacco industries increased their borrowing by £84m or 6 per cent.

The increase of 8 per cent in borrowing by the personal sector was slightly greater than in the previous quarter, though this may have been accounted for by half-yearly interest charges being debited to customers' accounts.

The rise in borrowing by agriculture, above the general trend, was 13 per cent.

Among other sectors, advances to the service categories rose by only £156m, or about 2 per cent. This was a much smaller rate of increase than in recent quarters, and compared with a jump of £676m in the previous period.

Lending to the financial sector dropped by £204m, after increasing by £176m in the previous period. Each of the three constituents contributed to the fall, with hire-purchase finance houses down by £90m; property companies by £75m; and other financial organisations by £39m.

Weather

UK TODAY

MAINLY DRY, some showers in north.

London, S.E., Cent. S., S.W. England, E. Anglia, E. Midlands, Channel Is.

Some rain at first, dry with sunny spells. Max. 16C-18C (61F-64F).

E., Cent. N., N.E. England, W. Midlands, S. Wales

Mainly dry, sunny periods. Max. 16C-17C (61F-63F).

N. Wales, N.W. England, Lakes, Isle of Man, S.W. Scotland, Glasgow, N. Ireland

Sunny intervals, some showers. Max. 15C-16C (59F-61F).

Borders, Edinburgh, Dundee, Aberdeen, Moray Firth

Sunny periods, some showers. Max. 14C-15C (57F-59F).

Cent. Highlands, N.E. and N.W. Scotland, Argyll

Sunny intervals, squally showers. Max. 12C-14C (54F-57F).

Orkney, Shetland

Sunny intervals, squally showers. Max. 11C-12C (52F-54F).

Outlook: Sunny intervals and showers. Becoming cooler.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstrdm.	F	18	64	Madrid	S	27	81
Athens	F	24	75	Manchstr.	C	19	66
Bahrain	S	34	93	Melbourne	C	14	57
Barcelona	S	26	79	Milan	S	23	73
Belfast	R	12	54	Montreal	S	15	59
Belgrade	C	19	66	Moscow	C	5	41
Berlin	C	16	61	Munich	F	20	68
Birmghm.	S	21	70	Newcastle	F	16	61
Bristol	C	19	66	New York	S	17	63
Brussels	C	17	63	Oslo	R	9	48
Budapest	C	18	64	Paris	S	23	73
B. Aires	R	18	64	Perth	C	19	66
Cairo	S	30	86	Prague	C	17	63
Cardiff	C	18	64	Reykjavik	R	9	48
Chicago	S	22	72	Rio de J'o	S	26	79
Cologne	F	21	70	Rome	S	24	75
Copnhgn.	R	14	57	Singapore	C	30	86
Dublin	R	19	66	Stockholm	R	7	45
Edinbrgh.	C	15	59	Strasbrg.	S	22	72
Frankfurt	C	22	72	Sydney	F	18	64
Geneva	S	20	68	Tehran	S	32	90
Glasgow	C	14	57	Tel Aviv	S	26	79
Helsinki	C	5	41	Tokyo	C	21	70
H. Kong	C	26	79	Toronto	S	19	66
Jo'burg.	C	24	75	Vienna	R	17	63
Lisbon	S	31	88	Warsaw	C	10	50
London	S	21	70	Zurich	S	21	70
Luxembrg.	S	18	64				

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Algiers	S	26	79	Jersey	S	19	66
Biarritz	S	25	77	Las Plms.	S	28	82
Blackpool	C	16	61	Locarno	S	23	73
Bordeaux	S	25	77	Majorca	S	29	84
Boulogne	C	16	61	Malaga	S	24	75
Casablnca	S	31	88	Malta	F	24	75
Cape Town	C	15	59	Nairobi	C	21	69
Corfu	S	24	75	Naples	S	24	75
Dubrovnik	S	24	75	Nice	S	22	72
Faro	S	30	86	Nicosia	S	25	77
Florence	S	22	72	Oporto	S	26	79
Funchal	C	25	77	Rhodes	S	23	73
Gibraltar	S	23	73	Salzburg	F	17	63
Guernsey	C	16	61	Tangier	S	31	88
Innsbruck	F	21	70	Tenerife	S	27	81
Inverness	S	16	61	Valencia	S	26	79
I. of Man	R	13	55	Venice	F	21	70
Istanbul	S	30	86				

S—Sunny. F—Fair. C—Cloudy. R—Rain.

Continued from Page 1

Steel

other EEC steelmaker. The corporation has previously threatened to use its substantial industrial muscle in retaliation against what it considers to be disorderdly behaviour by some other EEC producers. But this is the first time that threats have been followed by a concerted plan of action.

Relations between the British Steel Corporation and some of the other EEC companies have worsened in recent weeks. Charges and counter-claims have been made about market penetration and price-cutting at a series of meetings of Eurofer.

As the official "club" of EEC steelmakers, Eurofer is supposed to maintain discipline among its members and help enforce the rules and recommendations of the EEC for steel drawn up by Viscount Etienne Davignon, the EEC Industrial Commissioner.

The British Steel representatives to Eurofer, Mr. Bob Scholey, deputy chairman and chief executive, and Mr. Gordon Sambrook, commercial director, have complained repeatedly that West German, French, and Belgian companies are breaking secret Eurofer agreements for regulating the level of EEC steel trading and flouting the Davignon pricing rules, by pushing a large volume of cheap steel into Britain.

Imports of steel strip mill products into Britain from other EEC countries in the first four months of the 1978-79 financial year have been running at an annual rate well over 2m tonnes, worth approaching £400m. This represents the equivalent of 3.2m tonnes a year crude steel production.

This year British Steel is not expected to exceed a total crude steel production of 17m tonnes in all its sectors.

The biggest tonnage increases of imported EEC strip mill products have been in cold-reduced sheet and galvanised coated sheet.

SNP may ask more for backing Labour

BY RUPERT CORNWELL, LOBBY STAFF

MR. CALLAGHAN is likely to have to offer rather more than a fixed date for a devolution referendum if he is to secure the backing of the 11 Scottish Nationalist MPs for the key Queen's Speech division this autumn and stave off an early general election.

This is the main consequence of the pledge given in Dumfries at the weekend by Mr. Francis Pym, Conservative devolution spokesman and Shadow leader of the Commons, that a Tory Government would implement fully the provisions of the Scotland Bill passed in the last session of Parliament.

Mr. Pym promised that if an election brought the Tories to power, they would hold the referendum on March 22, 1979. He also for the first time stated in public that his party would feel bound to go ahead with the proposed Edinburgh Assembly, assuming the referendum produced the required 40 per cent "Yes" vote.

By giving this second commitment the Tory expert was trying to dispel the lingering suspicion that the Conservatives in their opposition to devolution would find some way of avoiding activating the Assembly, whatever the referendum outcome.

Equally deliberately, he was attempting to embarrass the SNP by making it more difficult for them to vote with the Government on its new legislative programme, and thus put off the election that senior Tories are convinced the Nationalists want to avoid.

The SNP remains deeply divided on what course to adopt. Its MPs were emphasising last night that the party would not haggle with the Government over the Queen's Speech contents, but only make up its mind how to vote when it saw what specific measures were included.

Continued from Page 1

Finance Ministers

stration was clearly delighted that, as a demonstration of this, on Friday night Congress cleared the way for final ratification of the U.S. contribution to the so-called Witteveen supplementary financing facility at the IMF.

The Administration had maintained that it was unable to commit itself to a substantial further increase in IMF resources, while Congress was still looking askance at a past pledge. However, with the Congressional action under its belt, Mr. Michael Blumenthal, U.S. Treasury Secretary, was able to back the proposed increases at a private meeting yesterday of the Group of Five major industrial nations.

There had been opposition to a 50 per cent increase in quotas and a substantial allocation of SDRs from the West Germans, Dutch, Australians, and, as far as the SDR allocation was concerned, from the Japanese.

Herr Matthoefer, West German Finance Minister, said yesterday that Bonn favoured a 40 per cent quota increase, and a 2-3bn SDR allocation, whereas Japan had expressed concern about the "linkage" between a quota increase and the SDR allocations.

As late as yesterday afternoon it was still thought possible that final action would have to be deferred to the next meeting of the interim committee next spring.

THE LEX COLUMN

An ambitious step for Bowring

The objective of the exploratory discussions announced today between C. T. Bowring and Marsh and McLennan is nothing less than the creation of the first truly international insurance broking business. In terms of profits, Bowring is just about the biggest broker in the UK, while Marsh and McLennan—which is more than twice its size — is far and away larger than any of its competitors in the U.S. They are now planing to pool all their worldwide insurance interests.

The initiative came from Bowring, and arose from its conviction that the world's broking business would by the end of the century be dominated by a handful of companies equipped for the needs of their multinational clients. Although about one-third of its brokerage comes from North America, Bowring has no network of offices in the U.S. Its ambitions require an important presence there, just as Marsh and McLennan needs a strong foothold in the London market.

This emphasis on international development follows the pattern set by the insurers themselves. Insurance companies these days are much keener than ever before to poach on the preserves of foreign markets, and their domestic clients are also prepared to take their business to foreign markets. Growth in premiums written in Europe and North America has trailed well behind the rest of the world over the last decade.

Bowring stresses that whatever happens nothing will be done to disturb its relationships with other brokers and insurers. It could not afford to, since although Marsh and McLennan's reinsurance broking subsidiary accounts for a large part of Bowring's U.S. revenue, it is by no means a dominant influence on the group as a whole.

The idea is that a new grouping will be set up on the lines of Unilever, which is linked primarily by an equalisation agreement covering dividends and shareholders' rights. Both groups would retain their separate identities and their current domiciles: neither would control the other, and no shares would change hands. But trading activities would be co-ordinated in whatever way seemed appropriate around the world, and earnings would be pooled and distributed

Of course international unions can work out much better on paper than in practice, as shareholders in Dunlop will testify. But the possibility of a link with a business of Marsh and McLennan's stature and record (its net income has risen by over 15 per cent compound in the past five years) can do Bowring no harm at all.

Allied Breweries
RELATIVE TO F-T-ACTUARIES ALL-SHARE INDEX
1978

Index	J	F	M	A	M	J	J	A	S
100									
95									
90									
85									
80									

Bid for Lyons

Allied Breweries

With Lyons safely in the bag, city analysts are sharply divided about the merits of Allied Breweries' shares. Although at least two brokers' circulars over the weekend argued that the marked price weakness since the bid was announced has been taken too far, the bears still have the upper hand.

Friday's 4p fall to 80½p put the combined capitalisation of Allied and Lyons down to under £490m, compared with £527m just before the bid was announced. In a period when share prices generally have been firm, this means that the premium paid to Lyons has—so far, at any rate—come straight out of Allied shareholders' pockets.

The main concern is whether Allied's management will be able to overcome the apparent shortcomings at Lyons. Then there is the fact that food manufacturers generally, and Lyons in particular, have recently been rated noticeably lower than the brewing sector by the stock market. And by the standards of the competition, the bid leaves Allied with high borrowing ratios.

However financial gearing will accelerate the trading recovery which is already under way at Lyons, judging by the forecast that Allied's earnings will not be diluted by the deal. The outlook for Allied's substantial wines and spirits business is promising, and there is a good chance that its brewery could start to improve on relatively dull performance recent years. Since the yi for the year ending this we is over 8 per cent, it is hard see the relative price weakn being taken much further.

Maibl's parents

Have Maibl's parents fall out? This is the first questi that has to be asked followi the news that Midland a International Banks (Maibl, i short) has sold its shareholdin in at least two of its paren

The fact that a consorti bank owned shares in its o shareholders always looked trifle odd and it could be argu that the move is no more th a tidying up operation whi will net Maibl a handsome pro and enable it to reduce relatively high gearing. Th may be the case. But it won be surprising if Maibl's sha holders had not at some sta asked themselves what, apa from the dividend, they a getting out of their investme in London's oldest consortiu bank.

Since Maibl was established 1964 the international banki market has changed dramat ally. Maibl's brief was specialise in medium-term eu currency lending—something parents knew little about. Sin then they have learnt a lot, a like all international banks th now compete aggressively f medium term lending. Cons quently, it is most unlikely th given the choice, Midland Ban Standard Chartered, Toron Dominion and Commercial Ba of Australia, would set up bank like Maibl today.

Maibl might be better able justify its existence if it cou demonstrate an above avera profits record. Since it does n fully disclose its profits it impossible to judge just ho profitable it is, but there a grounds for believing that it not as profitable as its shar holders. Over the past sev years its profits have slight more than doubled while assets have grown somewh less. By contrast, the profi and assets of Midland Bank an Standard Chartered hav roughly trebled over the sam period, and in the case o Toronto Dominion they hav more than quadrupled. Soone or later, if they have not aske the question already, Maibl parents are going to have t ask themselves what they a doing together?

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